Friday, June 8. 2007

Mark Jeftovic onstage with the Parkdale Hookers at Toronto's Lula Lounge - Nov 2007 - photo by Mike StreeterThe guitar is an Epiphone FlameCat, a.k.a "Satan's Guitar"

Posted by Mark Jeftovic at 00:53

Monday, June 1. 2009

Demystifying "Government Guaranteed Gas Rebate Cheques"

The Oxford Club publishes an investment newsletter but I'm pretty sure they make far more money pushing financial advisory info products than they do actually investing into the trades they talk up. I subscribed for a year, found it to be a "pay for more ads" kind of upsell machine and discontinued.

They still send me their sales letters. I guess the hardest thing to face was that at one point in time I actually responded to this stuff.

Anyhoo...today's sales letter is a 19 page opus How to Claim Your First "Gas Rebate" Check on July 15 because....

"Some smart Canadians have begun collecting checks for a little-known government-guaranteed gas rebate program. And they'll continue receiving payments until 2011. Now you can join them..."

All you have to do is put your name on the list.

And you decide how big the cheques will be!

These companies are "legally obligated to siphon off the majority of their cash flow and pass it on to everyday people"!

They even marked down the cost of obtaining their fantastic report (plus numerous "bonus" offerings) from $1,209 to just $99 HOW CAN I REFUSE?

But I have to act fast, or I'll miss my first payment on July 15th!

Here's the deal: Energy Trusts.

All this b.s is about energy trusts, or income trusts in the energy sector. There are lots of Canadian oil and gas companies which pay out healthy distributions (something like dividends) and are structured as income trusts. This means that the distributions flow through to the unit holders (that's you, if you buy any of these) tax-free.

This was so attractive that companies all over the place started making the filings to convert themselves into income trusts. The one that probably upset the apple-cart for everybody was BCE, you may know more commonly as Bell Canada. After they said they'd become an income trust, the Conservatives (you know, the "let's reduce taxes as much as possible" party) saw a lot of corporate tax revenues in danger and slammed the door on the whole thing: effective 2011 all income trusts (except Real Estate Income Trusts, for some reason), start paying corporate income taxes on earnings like everybody else.

But until then, all you need to do is go out and find yourself some energy trusts and buy their units and collect the distributions. I've been holding a couple for years, one started out as Viking Energy Trust and I can't even remember what it is now, it's been bought and merged so many times.

The other thing you should know about these things is they tend to be volatile. They pay above average yields for a reason. While I haven't been following them closely, I'd imagine a few of them cut their distributions when the price of oil collapsed last year. Their share prices likely followed suit.

So when looking at these, find an energy trust that maintained it's distribution through the entire oil price collapse of 2008. They'll probably have a better shot at keeping those payments up all the way until 2011.

There, I just saved you $99 and the embarrassment of getting your name added to the Oxford Club dipshit list ("people who are dumb enough to respond to our sales letters") - like mine is.

Posted by Mark Jeftovic in AntiGuru.com at 13:03

Saturday, May 30. 2009

TARP funds were for loosening up the credit markets, right? Right?

Can't go into this too much, but was on the phone yesterday with a friend of mine who is COO of a tech outfit in New York state. Been in business around 5 years, has customers, revenues, cashflow, etc.

They had an operating line-of-credit with Silicon Valley Bank, who in December took somewhere north of 230 million in TARP funds. TARP funds were handed out to "get the credit markets flowing again" after they completely seized up in late '08. This company has not used up a lot of their credit line, but they do use it. They've never missed a payment.

This week they've been informed by SVB that their credit-line is no more. It's been converted into a note and they've been given 10 months to pay it off.

After I got off the phone I wondered if perhaps they were registered Republicans

Posted by Mark Jeftovic in Tech Wreck 2.0 at 21:20

Friday, May 29. 2009

Whois Privacy brings a lawsuit down on Registrar

Following on our explanation of why we do not offer whois masking here at easyDNS, we note tonight that Registrar Namecheap has been sued"over cybersquatting claims for a domain name registered under the NameCheap whois privacy services".
As we outlined in our original article: Whoever is listed as the Registrant in the domain's whois record, effectively owns the domain. If you own the domain, you get all the responsibilities for it. That's why most Registrars simply drop the whois mask at the slightest legal speedbump. Namecheap didn't, and so now it cuts the other way they get the sharp end of the legal stick being poked at the domain.
Technology lawyer Eric Goldman in his analysis of the matter under the subheading Why This is a Troubling Ruling noted:Read literally, every proxy service is exposed to potential contributory ACPA liability for every domain name it services. I canÂ’t imagine proxy service providers will be excited about that liability exposure, and some may choose to exit the business.
Some certainly should. Any of the proxy providers who basically viewed whois masking as an easy business which basically pulls in money for doing nothing (which is more or less how I view it, I'm sorry, but that's only my opinion) - should take this as their signal that the party's over and exit the business.
As I've noted before, in it's current implmentation: whois privacy doesn't actually protect the underlying registrant's privacy (because most proxy providers will drop the mask at the first sign of trouble) and if they don't, the proxy providers are exposing themselves to inordinate risk. Coupled with the fact that the whois mask puts the underlying registrant's rights to the name in question and the whole thing is just one big mess waiting to blow up.

Posted by easyDNS: Domain Industry Watch in via easyDNS blog at 22:26

Thursday, May 21. 2009

Career-ending moments in show-business: Jeff Macke

CNBC has always been somewhat of a joke to people like me: contrarians, goldbugs, bears and sundry "nutjobs". We get no respect but it's hard to believe that people like this are highly paid market commentators

This happened on CNBC yesterday, when Jeff Macke started interspersing absolute non-sequiturs between a litany of tangential rants and insults. Clusterstock reported today that Macke is under a lot of stress, currently negotiating his contract with CNBC. Word is, after yesterday's stunt, he may be on his way out the door.

As Clusterstock observed:

"He couldn't carry his own show, he doesn't have any obvious alternatives and, more importantly, his latest breakdown may have torpedoed any chance to get hired somewhere else."

Posted by Mark Jeftovic in Financial Literacy at 16:45

Tuesday, May 12. 2009

WSW Taking on 500 new members tomorrow at noon (early access below)

In my role as a failed musician and absentee CEO, I'm often asked to do celebrity endorsements: hair restoration, hair removal, breath mints, etc. I rarely do unless it's a product or service I actually believe in.

So when Mike Swanson of Wall Street Window emailed me to tell me that tomorrow at noon he will open the gates of his Power Investor service to 500 new members, I took the time to forward the advance access link to a few friends of mine who were waiting for their next chance to sign up, and now I'm posting it here.

I've subscribed to endless newsletters and advisory services over the years and I rank them using three key criteria:

Number 1) Do they subject me to a never-ending barrage of intelligence-insulting sales letters attempting to upsell me to yet more products and services (Yes Agora publishing, I'm looking squarely at you guys - give it a rest)

Number 2) Are they merely a "black-box" service for "hot stock picks" expecting me to merely parrot their positions and mindlessly follow their recommendations?

Number 3) Do they claim some kind of Priests of the Temple exalted position in relation to the markets? Some special insight only they can comprehend and relate to us peons?

I prefer, and stick with services where the answer is "no" to all three of the above. They are few and far in between. Wall Street Window is one of those services. Even though as an investor, I gravitate toward "value investing" rather than technical analysis, it was Mike Swanson who helped me understand the validity of certain aspects of technical analysis. And it was from following Swanson and reading the books he recommended that finally helped me understand one key discipline any investor must understand about "the market": Our job as investors is to understand what the market is telling us about right now as opposed to what most of us actually do without even realizing it: try to impose our beliefs about what the market should do, onto it

I have been a 5-year subscriber to Wall Street Window, and I don't even make the same trades Swanson does. I just like the market analysis. I like that Swanson is a teacher and not a "stock-picker". I find his acumen in analyzing the secular trends and the macro forces versus the mass psychology that actually moves markets invaluable.

So tomorrow, noon, he's taking on 500 new subscribers, when he does this he usually maxes out those slots within a few hours. But you can get in today by following this link. In the interests of full disclosure: yes, I'm also an affiliate of WSW and will be compensated for any signups activated through the above link. I'm comfortable telling you that because this is a service I use and one that I'm happy with. (As part of his service he his "Stock Market Mastery" course is, in itself, worth the price of admission.)

Posted by Mark Jeftovic in This is not investment advice at 11:06

Tuesday, May 5. 2009

The most priceless decription of government in decades....

Marc Faber of GloomBoomDoom included the daily dirtnap in his May commentary that contained the following description of government:

The gold bugs realize that government is nothing more than a grandiose, malignant, homeowners' association and that any collective of do-gooders tends to do themselves in if given enough time.

Amen to that.

Posted by Mark Jeftovic in AntiPolitics at 16:06

Tuesday, March 31. 2009

Do you really need to register your name under .tel?

We've turned up .tel registrations now that they've gone realtime and the initial registry implosion has stabilized. You may have noticed a distinct lack of urgency from us to light a fire under your keester to go register your name under .tel right now before somebody else takes it.
As we outlined previously, we find the hoopla around new top-level domain rollouts both tiresome and for the majority of domain holders, unnecessary. So we have a policy here that we generally a) don't launch the new TLD until it goes realtime and is considered "stable" and b) we don't try to whip our users into a hysterical frenzy ahead of time to register their domains under every new TLD.
The fact is, in the future there will be more top-level-domains, a lot more. So many of them that between obvious typos of one's domain, one's core domain or domains, and one's local geographic top-level domain, it will be a fool's errand to try and register your name under every new TLD that comes along just for the sake of "defending your mark".The other problem is, .tel is severely crippled
While we do find .tel slightly unique in the realm of new TLDs because it actually exists for a reason: to cultivate internet telephony usage. This isn't some country-code ccTLD hiring out their namespace under some made-up reason (.me, .tv, .ws, et al) to draw in foreign registrants, it's an actual TLD geared toward SIP, VOIP and telephony and exists for that reason.
But .tel isn't doing anything under the space that can't be done under any other domain name with the appropriate use of SRV or NAPTR records and to actually make matters worse, you are forced to use their nameservers and your domains are under an Acceptable Use Policy which forces you to use the name for certain things (basically as a "contact" switch rather than a "content" page).
While the objective may be laudable: giving a TLD an actual raison d'etre beyond "register your name before somebody else does!", we don't like that you're forced to use their nameservers and don't have total latitude with your .tel domains. It runs contrary to the ethos behind easyDNS which was, and still is to drive a stake through the heart of lock-in. (It's not like we force everybody who registers a domain through us to use our nameservers because we're an outsourced DNS host, in fact we even allow our members to mirror their DNS from our nameservers from outside DNS hosts).
As such we have not become directly accredited under .tel, instead we're supporting them through our OpenSRS reseller tag, but the functionality is transparent.
Most of you reading this probably have no compelling reason to register your name under .tel unless 1) you like the TLD or 2) you have operations in the IP telephony space that would make sense segmenting under a .tel name and 3) you don't mind the crippled functionality and lock-in.

Posted by easyDNS: of Interest in via easyDNS blog at 11:50

Monday, March 16. 2009

Did the free markets fail us in this meltdown?

This morning on my way into the office, I was listening to CIUT, as I often do. Nena Baker was on Alternative Radio talking up her book The Body Toxic, and she cited the case of an herbacide called Atrazine. It seems to seriously mess up some frogs in lab tests, and from many indications is highly toxic. The chemical is already banned in European Union, where Syngenta, the company that manufactures it, is based.

It got me thinking. How on earth can anybody be expected to keep on top of this stuff? The next thought was "only a government could undertake it", and then I thought, as I normally do when I arrive at this type of conclusion: private companies can do anything a government bureaucracy can do, only better, faster, cheaper, more effectively.

Sure enough, by this time Baker was describing the inadequacies of the EPA's efforts at getting noxious chemicals banned. So if there were private companies who were conducting these watchdog functions under contract to agricultural businesses and consumer stakeholders, they'd do a much better job at shedding light on these problems, wouldn't they?

My free market uber alles mentality seemed vindicated. But.... Then I turned by attention to the bond ratings agencies. If the free market always sorts out the bad from the good with the relentless efficiency of that Invisible Hand, then why is every financial institution, pension fund, hedge fund and even sovereign wealth fund on the planet totally overweight in toxic sub-prime derivatives bearing the label AAA investment grade paper?

Instead of some horridly inefficient government bureaucracy dictating bond and debt paper ratings from a cubicle in the capital city right, let the market do its thing and these instruments will be marked to perfection by Moody's and S&P. Right?

Well, as experience has taught us quite painfully, not quite. Moody's and S&P have been revealed to be negligent to the point of complicit in rating subprime sludge as investment grade paper. Both privately owned, and presumably the market's self regulating counterforce to debt issuer overreach.

It didn't happen. They failed us big time. The only bright spot in the debt rating debacle is an almost unheard of bond rating agency called Egan Jones Ratings Co., whom nobody who is anybody on Wall Street takes seriously, who are practically laughed at when they downgrade anybody, and who seem to be right about things months or years before S&P or Moody's admit it.

This could be because Egan-Jones are paid by investors, those who buy debt paper, and probably the prescient minority of those, while S&P and Moody's are paid by the debt issuers, the geniuses who packaged together all this crap and sold it off. Egan Jones president Sean Jones, quoted in Bloomberg described it as:

"You have rating firms acting as meat inspectors, and unfortunately the rating firms are being paid by the meat producers. It underscores the severely flawed structure of the industry."

It finally occurred to me what the fundamental difference is between the two ideologies of government vs free market.

The government tries to prevent bad things from happening in advance. When this goes too far, it becomes a hopeless nanny state, top heavy with welfare and entitlements.

The free market sorts it all perfectly, but it does so after the fact. I.e Don't buy Ford Pintos. It's ruthlessly efficient, but does it's job, in extreme cases, by sorting out the corpses.

Over the long run, the free market's wisdom always prevails. Egan-Jones star is rising, Moody's is waning. Doesn't help us now, but the quants and bankers will hopefully be more risk averse next time out (unless of course they are completely insulated from their own blunders by government bailouts....here we go again)

But the long run doesn't help us out when we need it, now (and this is the justification for all this nonsense about these banks being "too big to fail"). The main thing Keynes got right was about the long run. Our entire economic system is built on the stuff he got wrong (Keynesian Economics), but about the long run he was spot on. He said "In the long run, we're all dead".

Posted by Mark Jeftovic in Armchair Analysis at 14:39

Wednesday, March 11. 2009

New easyDNS Member feedback survey

Many of you may not know that we have an ongoing member feedback survey where we ask for your thoughts and impressions of using easyDNS.
We try to make it as unobtrusive as possible, and for each respondent we make a $5 donation to a charity of your choosing (World Wildlife Fund, Children's Wish Fund or Unicef).
We've recoded the survey using eSurveys.com. Feel free to give us your thoughts by taking it today.easyDNS Member Survey

Posted by easyDNS: of Interest in via easyDNS blog at 16:13

Monday, March 2. 2009

Did "de-regulation" really cause this mess? I think not...

You may be surprised to learn that I often listen to Democracy Now! on CIUT on my way into the office in the morning, because a lot of "business types" think DN is "left leaning" and "socialist". The thing I find so lonely out there, is that there is no coherent "grouping" for people who oppose the abomination that passes for "capitalism" outside of "the left".

If you think invading Iraq was a bad idea, you're left leaning.

If you think bailing out all these zombie banks will make things worse, you're a pinko.

In the height of Orwellian irony, it is now "in the interests" of our free market economy to become a socialist state, while the real leftists and socialists out there are gleefully pointing at this economic mess and gloating "See! We told you Capitalism doesn't work!"

As I say tirelessly (and perhaps pointlessly) here time and again:

What passes for "Capitalism", isn't &"Free markets", aren't.

As I hear the chorus growing louder that the financial crisis was caused by rampant deregulation of the financial industry, the rush is on to regulate it. But here's the thing: this mess was caused by government interference in various financial markets and asset classes going back a lot of years. If you wanted to pick a start date, you have many to choose from:

1997: When LTCM imploded and guys like Rob Rubin and Alan Greenspan said "something had to be done" or it was "the end of the financial system as we know it".
2001: The tech wrech, where a recession was simply not permitted to occur and run it's course or else it would be "the end of the financial system as we know it"
1971: Nixon closing the gold window because otherwise the US couldn't continue their deficit spending and it would be "the end of the financial system as we know it"

The list goes on, but the common theme is that the REAL market forces at play were never permitted to bring home the consequences of what short-sighted politicians (who can't see beyond the next re-election cycle) and leverage-crazed bankers were doing, which was inherently risky and based on ponzi structures and ever increasing loads of debt financing.

Listen, next time some politician facing election or re-election stands at a podium, flanked by a couple of bankers who just drove up in a Mazaratti or flew in on a private jet, and they tell you "we have to do the following or it's the end of the financial system as we know it", keep in mind that the financial system, as we know it, is probably something that may be better off ENDING.

This is where the left gets their ammo however, because they look at the smoking ruins of the current economy and say "de-regulation" caused all this.

Let's look at what de-regulation actually is and how it plays a role in all this.

The first crack in the foundation (this time) was the sub-prime mortgage debacle.

This is where people who had no financial means to buy a home were lent money to buy an overpriced house. Many of them had no job, no income, and no assets (NINJA loans) and NO BUSINESS owning a house.

What happened instead? Instead of letting the MARKET find a natural clearing level of home prices balanced against people who were determined enough to own a home to save up 25% of the equity as a down payment balanced against responsible bankers who would only lend money to people they deemed serious about home ownership and paying off mortgages, the government decided that "it was a good thing" to get as many Americans into home ownership as possible.

So they created a few quasi-government agencies like Fannie and Freddie and Sally et al and turned them loose over the decades, gradually ramping up the leverage and allowing more debt to be piled on more debt to be serviced by less verifiable income and at some point a speculative blow-off took over and all this crap somehow got sliced up, repackaged, blessed with a AAA rating from Moody's and next thing we know every pension fund on the planet is holding a bunch of toxic sludge.

Under a completely DE-regulated market, where the market forces of safety of principle combined with an reasonable rate of return, would have NEVER allowed this to happen. It could ONLY occur under a regime of government intervention, government guarantees and nanny state coddling to get as many deadbeats onto the asset side of the banks balance sheets as possible, before the game of hot potato came crashing down around everybody.

Government control of interest rates is not "de-regulation"

Every time I hear some windbag complain about "too much de-regulation" I just ask the guy what he thinks about the interest rate on his bank savings account. Too low? Pitiable? I just opened a bank account the other day with a 1% interest rate. Is that too much de-regulation in action?

The biggest losers in all this are people who have responsibly saved money. The guys who maxed out their credit cards on flat-screen TVs, sitting in their 110% multiple-refinanced homes watching Paris Hilton vids and lining up for their foreclosure bailout made the savers look like idiots.

There is no incentive to consume less than one produces, because the interest rates are being held down by the governments. If there's no point in saving, they hope, the money will flow back into the stock market in search of some halfway decent yield. It won't happen.

Privately, interest rates are soaring. Anybody lucky enough to have some cash right now, won't let it go cheap. But the benchmark rates are and have been visibly suppressed below their normal market clearing rates. A meaningful recovery can only come from unspent capital (like savings) but the game is rigged to screw the savers. This isn't what would happen if market forces, in this case interest rates, were allowed to find their own natural levels (were not being regulated).

The stimulus

This is the flipside of interest rate manipulation. As important as it is to penalize anybody who tries to save some capital, the governments are frantically trying to reignite the debt bubble. So money is being "injected" into the markets to prop up asset prices and try to get the credit markets flowing.

Again, all this does is once again put some distance between the "reality" the markets need to communicate to the world, which is that pretty much everything is overpriced because it's all been bought on borrowed money, and the delusion that everybody can get rich simultaneously by borrowing a heap of money from the person beside them.

It also screws the savers (again) because now the stimulus is expanding the money supply, robbing the savers through inflation.

Is that deregulation run riot again? I would challenge anybody to find a period in history where the same thing happened in absence of a complicit government trying to decide "what's best" for the markets, or even better, where things got this out of hand in a society using a gold-backed currency.

The bailouts

For the nth time, Vincent LoCascio's The Monetary Elite vs. Gold's Honest Discipline describes, in excruciatingly accurate detail several years before the onset of real difficulties, why a government guaranteeing the solvency of any business against it's own stupidity is counter-productive:

"[P]eople fail to consider that federal guarantees make bank failures more likely by artificially encouraging people to choose the highest interest rates available, which in turn causes bankers to seek riskier, higher-yielding loans and investments".

"Failing banks do not face the same fate as other failing businesses. Other failing businesses must contract, face more restrictive credit conditions, tighten their belts, and turn adverse results around as quickly as possible to become more viable. Failing banks, however, can ignore the reality of their situation...They can use federally guaranteed deposits to try to speculate themselves out of trouble

Which is a pretty accurate description of what happened in this latest crisis. Again, the response to all this, governments bailing out the banks, governments bailing out the car companies, governments bailing out American Idol, isn't de-regulation run rampant. It's the opposite.

The response to the financial wreck, worldwide, has pretty much ensured a 5 to 10 year depression. At the end of it, words like "capitalism" and "free markets" will be unusable (how many German's do you know with the surname Hitler? It'll be something like that). But the ultimate irony is none of this had anything to do with either. What a sham.

Posted by Mark Jeftovic in Venture Crapital at 13:43

Thursday, February 19. 2009

Goldbugs should be careful what they wish for: they'll lose big in a return to gold-backed currency

With gold nearing that psychological $1000/oz mark once again with a full head of steam, the USD dollar looking very toppy and a bond collapse all but assured now, gold investors and even mainstream media are occasionally talking about "gold standards". With the likes of Peter Schiff and Marc Faber getting some respect in the mainstream media, joe-six pack is hearing phrases like "return to a gold backed currency" in passing over CNBC et al.

It's not being discussed seriously, it's just that the sound money pundits are actually able to get the words out of their mouths now without being ripped off camera by a grappling hook or laughed out of the studio by expert pundits who have the sense to stay more "on message".

I have seen numerous figures bandied about for what a return to a gold back USD would do to the price of gold, but they vary widely as they are dependent on the actual amount of reserves the US has on-hand and what the size of the money supply will be if they ever tried it. I've seen numbers from $5,000/oz to $100,000/oz and everything in between.

Goldbugs get excited at the prospect of this. Fortunately, I don't see it happening, ever but if it did, they are overlooking something obvious:

Any return to a gold backed dollar will be accompanied by wholesale gold confiscations and a ban on private ownership of gold

This is such a no-brainer that I have to shake my head when I see goldbugs gleefully predicting an inevitable return to a gold standard that will make them wealthier than Warren Buffett overnight. It won't. They'll be paupers because the day before it happens Uncle Sam will come calling and take away their gold, all of it. Same goes for all the G7 nations as the mining companies will be gleefully nationalized and private gold ownership banned. Anybody who squirrels away a private stash will find themselves unable to sell any except on the black market, which would be the same thing as money laundering: you'll see pennies on the dolllar at best.

In the lead-up to this, expect to see some hysteria casting gold owners as the new villains of the economic collapse: last year it was short sellers, someday it'll be those nasty goldbugs. There will be "windfall taxes" on sales of bullion and mining shares. You had the sense to buy Kinross at $5/share? Well when you sell it at $500 watch as some obscene slice like 90% of it will be taxed away because "you didn't really earn it" and you're damaging the economy!

I'm sure there will be some exceptions and loopholes that will enable the likes of Dick Cheney to sit on a private horde of bullion somewhere, but for the peons like us, forget it.

Posted by Mark Jeftovic in Forecasts from the Fringe at 10:06

Wednesday, January 14. 2009

Don't be surprised to see the Saudis embrace "Peak Oil"

My first post of the year. I did mention briefly last year that I had gone long on oil. That position is of course, taking some heat. I started going long at about $46/barrel oil and it still had lot farther to fall. There is an old adage "The graveyards of Wall St. are littered with the skulls of those who were too early". They were probably margined out the hilt.

Fortunately, I'm not. So I just wait, well actually I've been buying more oil all the way down. I find this a lot different than piling into, say Nortel in 1999 somewhere north of $1000 and averaging down all the way to, maybe today where they hit .12 on their bankruptcy filing. Oil isn't going to file Chapter 7. There is a finite amount of oil in the world, and we use more and more of it almost literally every day. So softness aside, I see the price going nowhere but up from here. Keep in mind there's a reason I call this channel "This is not investment advice", because it's not. Do your own due diligence, remove cellophane before eating, etc.

But oil is too cheap. David Skarica points out in his newsletter that the gold-to-oil ratio is the highest it's been in decades, and the last two times it approached anywhere near these levels were 1994 and 1998, shortly before multi-year bull runs in the commodity.

In an age where all international currencies seem dead-set on a race-to-the-bottom, I like the idea of using commodity ratios to gauge the relative values of asset classes. All the goldbugs (including me I guess) are positing an eventual return of a 1:1 DOW/Gold ratio, but couldn't tell you if that's at DOW 5000, Gold $5000/oz or DOW 900, Gold $900. Without the ratio, it's easy to let monetary inflation or deflation bamboozle you into thinking you're rich when you're really not. With the ratio, a 1:1 DOW/Gold means "life sucks" in the financial markets. That will also be, by the way, as good a signal as any to start looking for a real end to this secular bear market we're in.

So with Skarica's Gold/Oil thesis, he notes that any time it's been 22:1 or higher, oil blasted off on a multi-year run. Right now it's somewhere north of 30:1, what value investors would call "under-valued".

It's so undervalued, in fact, that oil at $37/barrel or so, many oil producing nations are caught below their cost. I've been reading Jim Roger's Hot Commodities over the holidays and one thing he says is that when the price of any commodity falls below it's cost to produce it, you've pretty well hit the bottom in that commodity, because producers will just close up shop until things pick up. That reduces supply, and that forces the price up.

But we're talking oil here, not cocoa or oranges. If some country decides to stop pumping they may very well earn themselves a dose of "shock-and-awe" from the West (for purely humanitarian reasons, of course). So what is it that value investors call "the catalyzing event" which could presage the turnaround in the price of oil?

Well, from this side of that last oil spike price, all that downplaying of "peak oil" probably looks regrettable to any country who earns most of their revenues from oil exports and vehemently denied there was any truth to all that "peak oil" nonsense. File it in the drawer beside "global warming", and forget about it. The Saudis claim they can increase production all the way to 2035.

Maybe not.

At this stage of the game we've seen OPEC ordained production cuts, an Indo-Pakistani war brewing, Israeli invasion of Gaza and all the usual culprits of world tension do nothing for the price oil. What's left?

Maybe one morning we wake up and Saudis say "You know what? Turns out Matt Simmons was right after all. Our latest study shows our supplies peaked in 2003...it's all downhill from here for us...".

I wonder what the price of oil would do then?

Posted by Mark Jeftovic in This is not investment advice at 20:07

Friday, December 12. 2008

So now my car is a "troubled asset?"

As the auto maker bailout drama unfolds, with the Senate now rejecting the latest attempt at one. Bush is suggesting the rescue proceed under TARP, which is widely slagged as the Trash Assets Recovery Program, or more simply "Cash-For-Trash".

The obvious remark aside, that this may be extremely fitting for the North American auto industry, even as a guy opposed to bailouts on principle I still can't wrap my head around why exactly the Big 3 are having such a hard time securing this bailout when the big banks who created this mess have since had second and third helpings of bailout cash of a higher order of magnitude NO QUESTIONS ASKED. It should be noted that if any of the Big 3 fail the US taxpayers will be on the hook for their pension obligations anyway - and said obligations (north of 30 billion for Chrysler alone IIRC) exceed the total amount being asked for in the package.

How could a US "commoner" not look at this and think there's an obvious double standard between blue collar and white collars here? The auto-execs where lambasted publicly for jetting into Washington on private aircraft, while Lehman's number #2 man still had a domestic staff of 29 (whom he's recently had to let go) and Merrill's top man was asking their Board (with a straight face) for a $40 million bonus this year?

The solution for all this is obvious. In Ben Bernanke's now famous anti-deflation speech where he inferred the Fed could drop money from helicopters to stave off Deflation (earning him the nickname "Helicopter Ben") we find a way out that solves everybody's problems:

The US Treasury could purchase 25 to 30 billion dollars worth of cars from the Big 3 and then drop them from helicopters. This would save the automakers and create enough work rebuilding infrastructure to goose the economy back into buy-now-pay-later mode.

I'm surprised this idea hasn't been floated yet.

Posted by Mark Jeftovic in Venture Crapital at 11:20

Thursday, November 20. 2008

The Parkdale Hookers apply to become bank holding company

/Toronto tPHwire/ - In a move presaged by Amex and GMAC, The Parkdale Hookers, or TPH have made the requisite filings with the SEC to become a bank holding company. If approved, the Toronto based indie rock group will then request an estimated 3 billion dollars in recapitalization under the Troubled Asset Relief Program, or TARP.

Although an unorthodox move for an unsigned rock group, "the financial crisis has forced everybody to consider their options", a spokesperson for the group told Forbes. The power-pop group known for its three chord guitar rock oriented anthems reported no revenues in fiscal 2008, have no retained earnings, no assets, and no owner's equity on its balance sheet. But the band is estimated to be counterparty to over 7 trillion dollars of derivatives, credit default swaps and leveraged futures.

"Allowing this band to fail will put the entire financial system at risk", the spokesperson continued, "we may wind up under martial law".

Under the band's proposal the group would be recapitalized, and the treasury would take a direct equity stake in the group's forthcoming record, due for release in Q1 09, tentatively titled "Sleazebags in Suits".

For more information, see http://www.parkdalehookers.ca

Posted by Mark Jeftovic in Tongue-in-cheek at 17:59

Why we do not offer Whois Privacy at easyDNS

We get asked this a alot: Why do you guys not offer whois masking or whois contact privacy?
The brief background on this is: whenever you register a domain name, your contact details are published in a publicly visible database called "whois", where your contact details are instantly harvested by spambots and marketers who proceed to email and postal mail you marketing offers, deceptive "domain slamming" attempts, ads for dubious products, and perhaps even telemarketing calls.
Nobody likes that, so over the years people started resorting to various tactics to protect themselves from the deluge of crap that inevitably comes with simply registering a domain name: throwaway email addresses in whois records, fake postal addresses, fake phone numbers, etc. The problem is, Registrants are obligated under their various end user agreements to provide true and accurate data (not doing so is grounds to lose one's domain), and the US even passed legislation making it unlawful to use fake contact details in a domain name registration.
Our response to this, years ago, was MyPrivacy.ca which protects your email address from being harvested from your whois records, but leaves your other data intact. We didn't see it as a revenue opportunity, in fact we made it free and opened it up to competing registrars, many of whom started recommending it to their customers. We just wanted to drive a stake through the heart of the whois spammers.
It wasn't long though, before many registrars took it a step further and created the concept of "whois masking" or "contact privacy", where all of the domain-holder contact details would be masked from the public whois. Of course, this was heralded as a "value-add" and most outfits charge extra for it.
In today's long overdue post, we're finally revealing why so-called "whois privacy" puts your domains at risk, costs you more and doesn't really protect your privacy.Continue reading "Why we do not offer Whois Privacy at easyDNS"

Posted by easyDNS: of Interest in via easyDNS blog at 11:29

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Posted by easyDNS: of Interest in via easyDNS blog at 11:29

Wednesday, November 19. 2008

Before you take the word of the "experts", watch this video

This is quite simply an amazing video clip of Peter Schiff being laughed out of every major financial newsroom from Fox to MSNBC by all the "recognized experts" from 2006-2007 as he was predicting "the worst is yet to come" over the howling protests of talking heads who smugly belittled him at every step:

Simply amazing. Ben Stein predicting a significantly higher Dow Jones next year than now in August 2007 (when the Dow closed at 13,000 much to everybody's chagrin), Mike Norman all but called him a complete idiot. The moronic pundits asking for opinions nodded attentively as the cheerleaders breathlessly predicted massive rebounds in financials, a weaker than usual housing market meant a mere 10% gain in 2008 and this was the singularly best possible time in history to go "all-in" with stocks.

When Schiff opened his mouth the other commentators were audibly laughing at him.

In honor of today's Dow closing under 8,000 for the first time since 2003, I humbly submit that these idiots should watch themselves in this video, publicly apologize for leading their viewers astray, and quit the financial advisory business.

Except for Schiff of course. His Little Book of Bull Moves in Bear Markets provides a great overview of what's really happening in the markets today.

Posted by Mark Jeftovic in Venture Crapital at 17:07

Thursday, November 13. 2008

The most idiotic thing I've heard all morning....

In case I was doubting my going long on oil last week, this cinched it for me:

Lower heating costs predicted

WASHINGTON â€“ The dramatic drop in world oil prices means a break this winter in heating costs, although households will still be paying more than they did last winter, the government says.

For starters, if a panel of government monkeys say "lower heating costs", prepare for the opposite. Always do this.

Next, if households are still going to pay more this winter than they did last winter, then guess what? Heating costs are HIGHER you damn dolts. If this winter's heating costs aren't going to be as brutal as they would have been with $100+ oil, but they're still more than last year, then NEWSFLASH: The cost of winter heating has gone up.

Jeezus, they don't even try to make it sound plausible any more.

Posted by Mark Jeftovic in This is not investment advice at 11:22

Thursday, November 6. 2008

MobileMe and easyDNS...

A number of customers have been registering domains to point to their new websites published via iWeb on their MobileMe accounts. Unfortunately, while MobileMe instructs how to point "www.yourdomain.com" to their services, they don't have a way to easily point just "yourdomain.com" to their services. This is especially important as not everyone on the internet will type "www" before a domain name when looking for a website (such as "www.google.com" versus "google.com").

Realising this is an issue for some of our customers who have DNS-Only services, we have implemented a work around. Simply follow the instructions on MobileMe to have your "www.yourdomain.com" CNAME point to "web.me.com". These are correct, and are very important. However, one last step is to leave your "yourdomain.com" record in the "hosts" block pointing to the word "PENDING". It should look something like this:A record (host): yourdomain.comHas IP: PENDING

...with your CNAME looking like this:C name (alias): www.yourdomain.comPoints to A record (host): web.me.com

Once entered, click "next" to submit your changes, and "next" again after you have confirmed all looks well. These updates may take a few hours to propagate across the internet before you can see them.

If you have any questions at all, please contact our Support Dept., and we would be happy to assist you.

Posted by easyDNS: Tips and Tricks in via easyDNS blog at 13:03

Wednesday, November 5. 2008

All Hail The Chief and God Bless ...The Left

I know my friend and mentor The Atavist blogged yesterday that it makes no real difference who won the election, I am, to quote a favorite phrase of my attorney, "cautiously optimistic".

We all expect Obama to be a center-left policitian and in the ordinary course of things, capitalist pigs such as myself are supposed to revile the left. Anyone who reads my blog knows I run down the lefties on a regular basis. But I have realized over the years that I have never given the opposite extreme: the lunatic right, the treatment they deserved in this space.

We are coming off of the worst 8 years in geopolitical history since the Viet Nam War. In 8 years, a small, neo-conservative cabal has squandered the accumulated goodwill of a once great nation, has financially bankrupted the same, neutered civil liberties and has set purely ideologically motivated precedents of pre-emptive warfare and American exceptionalism. It was nothing short of insanity and frankly, the rest of the world was sitting on the sidelines wondering how long the American citizenry was going to go along with it.

So yes, President Obama will be "left of center", but when a national agenda is set by Neocon loons (which it has been for the last 8 years) anyone tamer than a Nazi is a leftist.

I have a long-held summation about Leftists, Rightists and Centrists which I label as "Socialists, Conservatives and Libertarians".

Conservatives think they know how everybody else should live.
Socialists think we should all live the same way
Libertarians think they may know how to run their own lives and nobody else's.

While leftists miss the point on the fundamental laws of economics, in general their hearts are in the right place (no pun intended). Most leftists want to help their fellow man, alas, sometimes to a fault. But that said, it is generally out of spirit of brotherhood and community and for that, I salute them.

The right are ideologues and ideologues become so blinded by their own tunnel vision they end up being downright Evil. I once heard the Project For A New American Century crowd: Cheney, Rumsfeld, Perle et all, described as "Malthusians" and I think that label fits well.

So while the left tend toward "tax-and-spend" (and at the risk of veering off on a tangent rant coersion, theft and taxation), the right are about enslavement, serfdom, war (best racket ever invented), elitism and crony capitalism.

Neither side veers far from "socalism for the bankers" that routinely ruin our economies but at least one side didn't get a few million innocent people killed in the last 8 years and isn't pursuing a relentless blueprint to create a police state (not yet, anyway).

Tax Shelters, not Bomb Shelters

So yeah, give me the centrist-left guy - all I have to worry about are dealing with more taxes. That I can handle (there are always ways to deal with taxation).

What I don't want is to worry about having to build a goddamn bomb shelter for my 2 year old daughter.

Posted by Mark Jeftovic in AntiPolitics at 11:20

Tuesday, October 28. 2008

How to explain "URLs" so anybody can understand them

One of our tech support guys just had a conversation with somebody who wanted "to register the URL http://example.com/something.html", where example.com was already registered, the person couldn't understand why he couldn't have that URL with "something.html" after it.
We've heard variations of this one a lot. Like somebody who knows "xyz.zz" is taken "but can I register "www.xyz.zz?", no, you can't.
The easiest way to explain a URL such as this one:http://www.example.com/something.html
Is to think of it as HOW, then WHERE and finally WHAT:http://« how?The method we are going to use to retrieve or "get to" the document described by the URL. Common ones are "http" (Hyper-Text Transfer Protocol), you may also see "ftp://" or "mailto:"www.example.com« where?This is the hostname of the server, somewhere on the internet, which is holding the document we actually want/something.html« what?Finally, after we know what server we are looking for and how we're going to retrieve the document from it, we now specify exactly which document we want off of the remote server.
Understand those three components and you basically have URLs down cold.
Your web browser (firefox, safari, IE, Opera) is all about "how", what protocols to use to pull all these documents over the web to your desktop.
The web host is the "what" machine. It sits on a server and serves document after document to remote web browsers who send it requests.
Something has to bridge the browser to the web host/server and that's the "where", that's where DNS and domains come in, and that's primarily what we do here at easyDNS. We tell web browsers (and other client applications) the "where" aspect of retrieving and transmitting documents (the "whats") across the internet. We do this via "DNS lookups" ...about a quarter billion times a day.

Posted by easyDNS: Tips and Tricks in via easyDNS blog at 09:47

Tuesday, October 14. 2008

What is keeping the lid on the price of silver?

For anybody who isn't living in a cave without electricity, the past few weeks have been in a word "eventful". I have been delaying posting about what's been happening because so much has happened and it's been a long time since i wrote about it that penning one, comprehensive post to address it all just seemed a tad overwhelming.

So I've decided to just break it into chunks. Chunk #1 is called What is wrong with this picture?

The markets have cRaSheD
Governments are furiously pumping liquidity (money) into the financial system.
Greed has been completely supplanted by FEAR, the ^VIX, a reasonable gauge of the fear on the street peaked at all time highs
The US dollar has gone UP
Gold and silver have pulled back.

Well, there are two things wrong with this picture. Now that the US Treasury is directly creating new money, the value of the US dollar should, you would think, go down. But it's up, and as a de facto exporter (Canada to US) I'll take it. My bookkeeper keeps telling me "USD is up" and I keep telling her "Don't get used to it".

The other thing that is wrong with this picture is the price of gold and silver. Gold price softness could perhaps be explained by massive deleveraging going on, but silver is another story.

Simply put, there is no silver supply anywhere. You can't buy the stuff at the banks anymore. A friend of mine put in his regular order with his bank for some 1oz silver maple leafs and got this response:

"Just talked to the bank. They have suspended selling silver maple leaf coins indefinitely because they can't get any supply. The Canadian mint is all sold out and there is no word on when they will have new supply."

This story is echoed all over the internet, including places like Kitco who were offering a significant premium last week to buy silver.

Normally I'd expect to be able to buy a 1oz silver maple leaf for maybe $1 or so over spot. So with the silver spot price in the area right now around $12.50 CDN, which means I should be able to buy some for say, $14/per. If there were any to be had.

One place we can find a relatively unfettered market is Ebay, where silver maple leafs are pushing over $20/each, and 100oz bars are selling for over $16/oz. This means that the "true" spot price for silver is at least about 33% higher than the quoted spot price. So why are silver prices going down?

I've always been hesitant to buy into "conspiracy theories" around gold and silver price manipulation. But having said that, now that world governments are actively pumping liquidity into equities markets and buying toxic waste from banks to "shore up confidence", and now that "The Plunge Protection Team" has been more or less common knowledge for years, who's playbook consists almost entirely of buying strategically timed futures and options to set off program trading; who's to say part of their strategy isn't to try and keep a lid on gold and silver prices as part of a "confidence building" measure?

Nothing says "drop everything and panic" like a crashing stock market coupled with runaway precious metals prices. But, again I find it hard to fathom this for the simple reason that any idiot could tell that it isn't going to work.

What I do know, pretty near for certain, is that there is a serious disconnect between the price of silver and the demand for it. Lots of people would buy it at this price, there simply isn't any to be had, which means one of the following almost assuredly has to happen or we've fallen down the rabbit hole:

Either

1) There is an imminent glut of silver about to flood the market

or

2) The price is gonna go up.

Considering that there is a well known deficit in silver production world wide and has been for years, I know which one I'm betting on.

Posted by Mark Jeftovic in This is not investment advice at 12:14

Monday, September 29. 2008

What part of "blanket permission to download" do Michael Moore's lawyers not get?

Michael Moore released his latest film Slacker Uprising for free, over the web (note: don't click on that link if you live outside of the US or Canada or his lawyers will yell at us again). On the download page for the film Mr. Moore has this to say:"I'm giving you my blanket permission to not only download it, but also to email it, burn it, and share it with anyone and everyone (in the U.S. and Canada only). I want you to use 'Slacker Uprising' in any way you see fit to help with the election or to do the work that you do in your community. You can show my film in your local theater, your high school classroom, your college auditorium, your church, union hall or community center. You can have your friends and neighbors over to the house for a viewing. You can broadcast it on TV, on cable access, on regular channels or on the web. It's completely free -- I don't want to see a dime from this. And if you want, you can charge admission or ask for a donation if it's to raise money for a candidate, a voter drive, or for any non-profit or educational purpose. In other words -- it's yours!"
So, why are his lawyers demanding we take action regarding a torrent posted on a DNS hosting client's website? We received the following takedown request via Fedex today: Continue reading "What part of "blanket permission to download" do Michael Moore's lawyers not get?"

Posted by easyDNS: of Interest in via easyDNS blog at 17:30

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Posted by easyDNS: of Interest in via easyDNS blog at 15:51

Wednesday, August 27. 2008

Running an affiliate program? Don't pay for sales you already had in the bag

People have tried this on us so many times I figure it must still work in many cases so after the last one I decided to post a brief note about this.
We run an affiliate program via Commission Junction, it pays $20 per new customer acquisition. We also come up first in all major search engines for our own name: "easydns", "easydns.com", "www.easydns.com", and "easyDNS Technologies Inc". Every online business probably comes up first in Google for their own name. (If you don't, you have larger problems and you should probably address those).
Here's what I consider, if not a "black hat" PPC technique, a grey one which we're not interested in because it costs us affiliate commissions on sales we would have gotten without the affiliate ever being involved. Here's how the scam works: Continue reading "Running an affiliate program? Don't pay for sales you already had in the bag"

Posted by easyDNS: Tips and Tricks in via easyDNS blog at 11:31

Tuesday, August 5. 2008

The Long Tail of Entitlement Trumps Self-Reliance and Intelligence

I have long had in my mind's eye a kind of chart with a bell curve in it that intuitively explained to me why, over time in a democracy, the lowest common denominator of cultural and political discourse will sink, which will have a negative feedback effect on the overall robustness of society. Today I got an email from my longtime internet penpal Larry Wallman, quoting Ron Paul, that finally motivated me enough to whip up excel and try to plot it:

What Larry Wallman sent via email was his famed "Sunday Comments", which, since I no longer daytrade at all, is actually the only reason I subscribe to his stock market newsletter...

[quote]
Last week, Ron Paul of Texas, said something so profound that it needs to be said here, please read this carefully:

"But the people who are screaming for the housing bailout are the people who got their houses for free. You know, they didn't have to put any money down. The house went up in value. They even borrowed more money. Then they spent it. Now they want you and I to bail them out so that they can keep their homes" - Congressman Ron Paul

You cannot explain what's going on with the latest "bail out" any better than Mr. Paul just did. People got into homes with no money, borrowed against the home because supposedly the value was increasing and then when they found they really couldn't make the payments when the rates reset, they whined to Uncle Sam and now YOU and I are going to have to pay to bail them out. Will I get their home in return for bailing them out? Will I get a percent of the profits if they sell? No. Will I get a lousy Christmas card? No. I get absolutely nothing. You get absolutely nothing. The only people that get something are the politicians who will get votes. Lets face it, if I was a deadbeat, living in a house I had no right to even consider, let alone buy, I'd vote for the idiot that is going to allow me to live there too.

And so it goes, the death spiral of the US economy.[/quote]

Let me explain why my chart may explain why these economic death spirals are inevitable as the tides...
First, we have the "intelligence bell curve", which most would agree looks pretty standard. We have the meaty part in the middle containing average people of average intelligence, but we live on Planet Wobegon and we all consider ourselves to be of above average intelligence. Be that as it may, on either end of the meaty part, to the right we have a small number of intellectually superior people who are the most intelligent among us, and to the left, we have a long, long, LONG tail of couch potatoes who are stupider than monkeys every single one us believes is the exclusive domain of other people.

What makes the phenomenon pernicious is the "common denominator" line. If we bisect our bell curve down the middle, everyone to the right would be considered "above average" intelligence. The problem with these people, is that they tend to think. The further to the right we go up the more intelligent side of the curve, the less effect mindless slogans have in galvanizing this group into a herdlike response to some external stimulus as dictated by a third party (a.k.a. the government).

To make matters worse, the higher intelligence of the people on this side of the curve begats more lateral, non-linear, non-impulsive thought processes, which means that given a problem, the people on this side of the curve will probably come up with a multitude of answers. There is less likely to be a consensus here and if there's one thing a politician MUST HAVE, especially one facing re-election, or election is as many people as possible thinking the same thing.

If we turn our attention to the left side of the curve, we find the duller knives in the drawer. Those more easily bamboozled because of their economic, cultural, and political illiteracy can be herded, grouped, massed and convinced of the same thing much more easily. "They hate us because of our freedoms", "Happiness is just around the corner" and "The economy is fundamentally sound" are what these people almost want to hear, and have no disbelief to suspend. The left side of the intelligence bell curve we find a much more pliable mass of people who can be more easily grouped into easy-to-explain beliefs which can result in them voting more or less in unison.

Thus, to the politician, the low hanging fruit is always the less intelligent side of the intelligence bell curve, and each iteration of the political process will cause them to target that half of the curve with platforms and policies that "make sense" to stupid people. This either results in a society where the political policies are dictated by the dumbest people, or one where politicians must LIE in order to get elected.

This is why people like Ron Paul will never, ever be the Republican nominee, even though he is pretty well the only textbook definition of a Republican in the entire party.

Posted by Mark Jeftovic in Personal Liberty at 11:51

Thursday, July 31. 2008

TM-Collection - The latest "Trademark Directory" scam outfit

This one came in via postal mail from Hungary, a pretty straightforward looking "invoice" for our trademark in something called the "TM-Collection - International Register of Trademarks".

I'm sure if one were to confront these companies they would tell you they are "offering a service" not trying to chump you with a fake looking invoice, but I contend that the latter is indeed the end-game behind all these. Why? Because when somebody is trying to sell you a service that you don't already own, use, subscribe to, etc, the order form is invariably accompanied by a sales letter. No sales letter = no sales pitch. If it just shows up looking like an invoice, its a scam.

Powered By: eSurveys.com

Posted by Mark Jeftovic in The Sleazemeter at 11:06

Ten Years of easyDNS

10 years ago on this day, we removed the password block on easyDNS.com and sent out a couple of innocuous email announcements to the PHP and Mysql mailing lists announcing that we had developed a DNS management system using php and mysql and it was now open for business. We had three nameservers, 1 in our office (where the "other server", that ran everything was), one downtown in somebody else's cage at 151 Front street, and some friends of ours in Buffalo who were running an email company called chek.com let us run a third nameserver on one of their servers. That was the initial setup of easyDNS... Continue reading "Ten Years of easyDNS"

Posted by easyDNS: of Interest in via easyDNS blog at 10:25

Wednesday, July 23. 2008

DNS cache poisoning exploit released

Hi There,

There is a new DNS Cache poisoning disclosure that has been inadvertently leaked before it was scheduled to be released by Dan Kaminsky (IOActive). This is a very serious flaw in the DNS protocol that impacts caching resolvers, like the resolvers hosted at your service provider that help your workstation resolve IP addresses to domain names.

This bug does not directly impact authoritative name servers like the ones used to host your domain names at EasyDNS. Our name servers do not request answers from external sources, and rely entirely on internal cache files to offer answers. So for example, nobody will be able to change your IP information on our end. That part of the bug is unfortunately located at the caching end.

That being said; this is still a serious flaw, and we are taking this opportunity to upgrade the DNS software on our authoritative name servers to ensure that we are 100% compatible across the board with the newly upgraded caching name servers located at your Internet Service Provider. These upgrades should not impact name resolution if you are using more than one of our name servers to serve answers for your domain name (actually, please ensure that you are).

To make sure your Internet Service Provider is up to speed, you can use Dan Kaminsky's test script at DoxPora Research. If your Internet Service Provider is not yet up to speed, you may want to give them a nudge and/or change your DNS resolver configuration to a more trusted service.Update It is now making news that an exploit to this attack has been released., please see our post about our newly launched DNSresolvers.com if you are looking for safe resolvers.

Posted by easyDNS: Domain Industry Watch in via easyDNS blog at 20:52

Thursday, July 17. 2008

.ME Top Level Domain launch indicative of new TLD rollouts

We've gotten a few invitations to apply to be a .ME top-level domain registrar, to which we assigned no urgency after we took a straw poll internally and found that pretty well zero of our customers were asking for it. Today, Techcrunch reports that the .ME landrush, at least through one large operator, had degraded into a fracas. We have an unwritten policy here: new Top Level Domain roll outs are to be avoided until they i) get past sunrise without erupting into a malestrom of lawsuits and ii) get past "go-live" without imploding.
It runs contrary to industry standards where registrars whip their customer base into a frenzy over an exaggerated need to protect one's trademarks and claim one's stake in the latest "must have" TLD. The fact is, all you really need to care about are .COM, .NET and .ORG plus the ccTLD of the country you live in or do a lot of business in. (I will probably catch flack for saying .BIZ and .INFO are not crucial must-haves to your domain portfolio - we grabbed ours, at considerable expense in the case of .INFO and it was our experience in the roll out of these two that largely formed our policy.)
That most of these new TLDs roll out with initial 2-year registration period minimums are just an outright cash grab from the registry that most participating registrars are happy to join in on. They know that the sunrise and landrush frenzies they hope to whip up are the single greatest revenue events these TLDs ever experience. After the hoopla dies off and organizations realize how unimportant owning say ".ZX" is in their overall domain strategy and the domainers who piled in find out the aftermarket for the TLD is lackluster at best, the renewal rates predictably fall off a cliff.
So when the next "must have" TLD comes along and participating registrars start lovebombing their customers with reasons why they absolutely must"protect their name" in the new TLD, we often commit the egregious sin among investment bankers, VC's and pundits - that of "leaving money on the table" and we just don't rush in and push the new TLD. If it prevents us from leading our members off a ciff in to a major debacle, we consider ourselves as having done our job. (This was a similar rationale to why we never entered the IDN space, as long as you need a browser plug-in to make internationalized domain names even borderline usable they are, in our opinion, of marginal utility - we stayed out of it)
This is in line with our lifelong strategy of cultivating members who actually use their domains rather than pushing the "get your name before its gone" angle for every TLD under the sun on anybody who can fog a mirror. When we launched back in '98, we couldn't even register domains at all, so our member base was exclusively people who were actively using their domains and wanted outsourced DNS and/or forwarding. That set the tone for our positioning and culture ever since, and while now we do have a lot of customers using us "as registrar", our core is always the active domain users.
We have almost zero "domainers" with large portfolios of parked domains and speculative registrations because our model simply doesn't work for those types of users. It's not a judgement against domainers, it's just not where we came from.
All that said, you would probably think we are opposed to the new "free-for-all" TLD expansion policy hinted to in the recent ICANN meeting in Paris. We are not. We would welcome this new tlds policy (if it ever actually happens) because it removes the artifical scarcity and counteracts that "cashgrab" mentality we sniff at the root of many a new TLD. If new TLDs are coming out all over the place, two things happen:
1) Organizations realize that it is no longer practical to attempt to "protect their name" in every TLD space, so they stop trying. This removes a lot of the "easy money" underwriting new TLDs, some of which would otherwise launch for the thinly disguised reason of trying to milk the Sunrise for all its worth.
2) The above impetus gone, new TLDs will have to compete in a much more open market. Registries, while having de facto localized monopolies within their own TLDs will have to provide actual value to compete with other TLDs.
That appeals to our sense of market freedom: less artificial barriers compelling a drive toward providing more value and benefits. The winners in the end should be the domain registrants, who are, let's not forget, our customers.

Posted by easyDNS: Domain Industry Watch in via easyDNS blog at 20:52

.ME Top Level Domain launch indicative of new TLD rollouts

We've gotten a few invitations to apply to be a .ME top-level domain registrar, to which we assigned no urgency after we took a straw poll internally and found that pretty well zero of our customers were asking for it. Today, Techcrunch reports that the .ME landrush, at least through one large operator, had degraded into a fracas. We have an unwritten policy here: new Top Level Domain roll outs are to be avoided until they i) get past sunrise without erupting into a

malestrom of lawsuits and ii) get past "go-live" without imploding.
It runs contrary to industry standards where registrars whip their customer base into a frenzy over an exaggerated need to protect one's trademarks and claim one's stake in the latest "must have" TLD. The fact is, all you really need to care about are .COM, .NET and .ORG plus the ccTLD of the country you live in or do a lot of business in. (I will probably catch flack for saying .BIZ and .INFO are not crucial must-haves to your domain portfolio - we grabbed ours, at considerable expense in the case of .INFO and it was our experience in the roll out of these two that largely formed our policy.)
That most of these new TLDs roll out with initial 2-year registration period minimums are just an outright cash grab from the registry that most participating registrars are happy to join in on. They know that the sunrise and landrush frenzies they hope to whip up are the single greatest revenue events these TLDs ever experience. After the hoopla dies off and organizations realize how unimportant owning say ".ZX" is in their overall domain strategy and the domainers who piled in find out the aftermarket for the TLD is lackluster at best, the renewal rates predictably fall off a cliff.
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Posted by easyDNS: Domain Industry Watch in via easyDNS blog at 07:52

Friday, July 11. 2008

Life as a lemming

Apparently today is iPhone-day in Canada, and this is one of the smaller line-ups for them, out near my place on the way into work. Bear in mind it has been raining fairly hard all morning and from what I've heard, the data pricing on the Rogers iPhone isn't the greatest.

Readers of this blog know I've been using a an unlocked iPhone on fido for quite some time now - I have a very old contract with Fido, unlimited data transfers that's been grandfathered in ever since. You can't buy these anymore, which is why I faithfully renew this contract with Fido and just use whatever phone I want on their network by only buying GSM unlocked phones, or in the case of the iPhone, finding out how to unlock them.

My former CIRA-Board colleague Michael Geist has pointed out that if Bill C-61 passes, GSM unlocking your (repeat YOUR) own phone will become unlawful. (I was unaware of this, which is why I recommend everyone subscribe to Michael's blog feed, he keeps on top of this stuff).

Suffice it to say, this is retarded but life is sometimes a tale told by idiots, especially when we implicitly feel like we couldn't get through our daily lives without installing a few of them to govern us.

This morning's post basically comes down to three themes for me:

People are lemmings. The ones that really wanted an Iphone waited, and waited, and waited until somebody told them "now is the time but you have to use Carrier X" and they will wait, in the rain, for hours to get it on terms dictated to them by somebody else. A cursory cost/benefit analysis by any of these people would have led them to the conclusion that they would have been further ahead buying one off of Ebay, or even right here in Toronto at a place like Bongo Wireless, already unlocked and able to use under one's own existing cellphone contract.

Apple is making the same mistake again. They originally lost the desktop market to windows because they wouldn't open up the licensing, yes, they've bounced back in recent years but not too long ago, they were on a deathwatch. All it takes is somebody (*cough* google *cough*), it doesn't matter who, to come up with the next "sexy must have wireless device" and release it unlocked and unrestricted and Apple will take it up the nads again. The sheer volume of the "grey market" for iphones should have telegraphed to Apple that there was far more upside to selling the damn phone unlocked to anyone who wanted it with any carrier.

For good or ill, for the right reasons or the wrong reasons, Artificial barriers create opportunities. If Bill C-61 passes, I will not sign some NDP petition, I will not picket in the streets, I will not go egg Jim Prentice's car. I will go into business. I have already been researching GSM unlocked, Wifi-enabled, dual-mode SIP/VOiP smartphones: there are a bunch being manufactured in China, there are a few Linux based ones - I'm going to start selling these things and running my own sip proxy to route the VOIP traffic. I am betting that over the long term, people will choose open access and mobility over lock-in - we built easyDNS on this concept - the telecom landscape is ripe for it.

Posted by Mark Jeftovic in Life, the Universe and Everything at 10:31

Tuesday, July 8. 2008

I once was lost, but now I'm found

For some reason, PrivateWorld.com, the domain name I recently moved my personal blog to, a domain I've owned since 1997 and used to house the company website from a previous partnership (Private World Communications) was delisted from the Google index. I'm not sure when it happened as I was receiving traffic from google via this domain almost immediately over the cutover.

To avoid a possible penalty for duplicate content I began using a 301 redirect from my previous Mark.Jeftovic.net blog hostname. No good deed goes unpunished, they say. Once PrivateWorld got dropped from the index I was gone completely since the 301 redirect had basically transferred all my pagerank and indexed pages to the now dropped name.

I think way to handle a situation like this is to ask around on the Google webmaster groups and ask about your particular domain, because Google staffers tend to read these and can sometimes address your site's particular circumstances.

Then watch this video and follow the steps therein. If you haven't already used the Google webmaster tools , there really is a wealth of information and diagnostics there about the Search Engine visibility of your website. I added my sitemap there so I could see what Google saw, I've requested reconsideration - which is supposed to take weeks, but after a few days I seem to be tricking back into the google index.

One of things I did notice under the webmaster tools is the keywords associated with my site content looked pretty "spammy" and I think those were old and dated back to a brief time when I just had the domain parked with a commercial domain parking service. If this is what got my domain dropped from the index, it is mildly startling to say the least. I'm used to seeing parked domains not appear in the google index, but I have also routinely "unparked" domains by developing them and found them appearing in the index within reasonable intervals (less than a few weeks) without seeming to be penalized for their past "parked" status.

So it's a mystery, but an unsettling one when it's unknown why it happened. When my personal blog gets dropped from the index, it's not the end of the world. But had it happened to a domain more central to my business interests, like say, easydns.com, it would be a non-trivial event that would really impact my business - and that scares me. So even though I seem to be re-appearing in the index, I'm hoping my reconsideration request produces an explanation on what caused this.

Posted by Mark Jeftovic in Living off the net at 20:11

Monday, July 7. 2008

Tucows may be overlooked as a value stock (no, really)

Some time ago Tucows (AMEX:TCX, TSX:TC) issued a press release reminding the world that they hold a sizable portfolio of premium domain names, the subtext to which was ostensibly "look at us, we're undervalued". Jay Westerdal over at DomainTools commented in his blog in essence that the premium domain portfolio of Tucows was not priced into the stock and in his estimation he could see the stock doubling within 2 years. Jay's assessment was an estimate. After looking at this in detail, I personally think Tucows has an intrinsic value between 0.94 and 1.58 per share (currently trading at .60) - Note that everything that follows is based on the CDN listing price.
Before I took a week off to attend the Center for Advanced Value Investing Excellence at Western's Ivey School last month, I did a rather clumsey spreadsheet analysis of Tucows where I basically stripped out all the goodwill, all the intangibles, massively devalued some Tucows business units (such as the email division) and basically did a very crude "break-up" value of the company.

Keeping in mind I'm not a financial analyst, nor do I play one on TV, my analysis is probably prone to error and very inexact, but at the end of it, depending on various fudge factors I came up with a break-up value of roughly 0.55/share, excluding the premium domain portfolio. So margins of error and possible methodology flaws aside, what this basically means is Tucows, according to this model, is trading slightly above "book value".

After my seminar I had a lot clearer insight on methodology so I was able to do the model over again with a lot more "mathiness", but the constant between the two models was the value of the premium domain portfolio.

Taking the numbers directly from the Tucows press release I came up with the following table for valuing the portfolio (recall, I was the bombthrower who publicly stated that the domain aftermarket was overheated and overpriced in early '07, so I lowballed all my numbers):

Domain TypeNumber of DomainsAverage ValueTotal
Gems1000$10,000 $10,000,000
Surnames39000 $1,000 $39,000,000
Brandable22000$1,000$22,000,000
Direct Nav88000$270$23,760,000
Total $94,700,000

The immediate thing one notices from this, given that Tucows total market cap is around 45M, is that this portfolio is worth more than double the current market cap. We immediately have to question the assumptions above, and I have done so, speaking with numerous domainers in the industry who agree with me that my numbers are probably safely to the conservative side. In fact I had originally priced the 88,000 "direct navaigation" names at $100/per until Tucows CEO Elliot Noss revealed in their last conference call that they had sold about 3700 names from this inventory in the prior quarter at just over $1 million, which put the average at $270 each, so that's what I used.

From this, I begin to suspect that Tucows is a possible "value stock" candidate, in that it has assets which are largely off balance-sheet and not yet priced into the stock. I believe this is the most accurate way to view Tucows.

In my week away at the CAVIE seminar, under the tutelage of Dr. Athanassakos, we learned the Earning Power Multiple methodology of equities valuation. Briefly, we look at any company by figuring out its Weighted Average Cost of Capital (WACC), its Return On Invested Capital (ROIC), its Net Asset Value (NAV) from a replacement cost perspective, and its Earning Power Value (EPV) which is basically Free Cash Flow with the growth stripped out. From looking at the relationship between those four factors we can infer a picture of the company, it's Intrinsic Value and calculate what entry price would give us a reasonable Margin of Safety.

With Tucows I came up with:

WACC: 8.17%
ROIC: 8.25%
NAV: 1.58
EPV: 0.31

Since EPV is less than NAV we then do

IV = EPV + (NAV - EPV) x %p

Where %p is our probability of a catalyst event. I have used numbers here between 50% and 75% and lean toward the high end because if I'm right about the value of the domain portfolio, it's not going to sit there inert forever. With a few different %p's we get

%p = 50%:

IV = EPV + (NAV - EPV) x %p
IV = 0.31 + (1.58 - 0.31) x .5
IV = 0.94

%p = 70%:

IV = EPV + (NAV - EPV) x %p
IV = 0.31 + (1.58 - 0.31) x .7
IV = 1.20

and if you happen to have inside knowledge of a "sure thing" catalyst event (I don't) then:

%p = 100%:

IV = EPV + (NAV - EPV) x %p
IV = 0.31 + (1.58 - 0.31) x 1
IV = 1.58

All of these numbers are lower than the "value" I came up with in my original model which put the value at $1.70/share, so I tend to think the second model is more realistic.

Value Investors use their own cushion for a decent margin of safety, but 30% is often used, so we calculate our entry prices from there:

Optimal Entry Prices for various IV

IV / Entry

0.90 / 0.66
1.20 / 0.84
1.58 / 1.10

Given that Tucows has moments ago closed at 0.60 on no volume (zero shares traded today), we seem to be well within our margin of safety under all three scenarios above.

At the end of the day I honestly feel Tucows is a value stock candidate and is profoundly misunderstood by the wider market and even ostensibly professional market watchers. For example, Pat McKeough of "Stock Pickers Digest" has picked Tucows and has talked it up in his newsletter as a growth stock more than once. But if my model is anywhere close to correct, with WACC and ROIC so close to each other to be nearly equal, growing Tucows for growth's sake will not add any value. Return On Invested Capital must be meaningfully higher than WACC for growth to add anything (and if it's lower, watch out! Growth will destroy your value!)

It all comes down to the value of the premium domain portfolio. Is there really tangible value there? Again, we have to use margin's of safety in our calculations. The premium domains only partially show up on the balance sheet under intangible assets in connection with the names they acquired from buying out ItsYourDomain. The rest of the portfolio has largely been built via the domain expiration cycle and thus they do not appear on the balance sheet at fair market value, if they appear anywhere they show up at registration value. But there is a caveat with placing a value on the the premiums, Frank Schilling said it best last year:

The disconnect I have built to is that large groups of names are actually worth less together than their individual break-up value apart (and by a considerable margin). In a perverse way, it would almost be better for a company like Marchex to unwind the foresight of that name-portfolioâ€™s founder [Yun Ye], by selling their names onesey twosey. I previously estimated a conservative breakup value of Marchexâ€™ domain names alone at north of a billion. Problem is, even the best name-sellers can only liquidate about 2% of a large portfolio like Marchexâ€™s in any given year (and thatâ€™s pushing it), so in exchange for "cash now", a name-seller has to give up the upside.

With this in mind, we can hope that Tucows turning up the aftermarket channels, such as their recent partnership with Afternic will enable them to turn this portfolio into a good stream of free cash flow.

They also recently announced a $10 million share buyback which will only help matters if they carry it through as it should reduce the float by about 10%.

I don't make stock recommendations, but I will make disclosures, and I have invested in Tucows at an average cost of 0.62/share.

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Posted by Mark Jeftovic in This is not investment advice at 09:15
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Friday, June 6. 2008

What is wrong with this picture?

Ad from Craigslist:

Pro Day Trader (Millions_) (Toronto)

Pro Day Trader Looking for venture capital
High return possible (potential Millions)Glad to negotiate
Several years experience in equities,futures
Only serious inquires !200k to do it right
Thank You Don

I've seen ads like this many times. It begs a few obvious questions:

Why seek outside capital to daytrade? The risk premium to the investor would make the cost-of-capital quite prohibitive
If these daytraders are so good, where is their own pile of cash that they've taken out of the market? And why aren't they using that to stake themselves?
What kinds of gains are these guys promising? I've talked to daytraders advertising on craigslist, some of whom claimed consistant, repeatable returns of 20% per month but couldn't explain to me why they weren't several orders of magnitude wealthier than Warren Buffet or George Soros who have managed 15-20% annual returns for decades (and who eschew daytrading like the plague, btw)

I have been following a couple of high-end daytraders (Wall St. Window and The Informed Trader) over the course of this last bear market after the credit markets locked up. They are both saying the same thing: this has been one of the toughest markets to trade that they have ever seen. They've both spent most of their time sitting on the sidelines, in cash watching the market for some feel of where it's going.

As professional daytraders know, "cash is a position" - often the best trade is no trade.

My suspicion when I see ads like this is that I'm reading the ad from a guy who's addicted to daytrading, gone bust and looking for somebody else
to stake him so he can wipe out again.

I've come to the conclusion that the only way to become a successful daytrader is to do it fulltime. You can't run a business and daytrade on the side. So personally I don't daytrade (anymore). But I do highly recommend The Investors Quotient: The Psychology of Successful Investing in Commodities and Stocks - which teaches us that the most important aspects of trading are having a coherent system one sticks to, mental discipline and other psychological factors. In other words, becoming a successful trader is not about conquering the markets, it's about mastering oneself.

In a couple weeks I'm off to the The Search for Value seminar at Western for a week where I hope to hone my acumen at fundamental analysis and value investing.

Posted by Mark Jeftovic in This is not investment advice at 09:33

Wednesday, June 4. 2008

Ontario Energy Savings or Ontario Energy Slamming?

I have known for some time that the practice of "slamming" was not exclusive to the domain name industry. In my business we are well acquainted with outfits like Domain Registry of Canada and others. There are other related "business models" in the online space: trademark monitoring "services" that look like they come from an official source, nebulous business "directories" you're supposed to "renew your listing" in. These often look like invoices, run several hundred dollars and probably bank on the fact that a certain number of accounts payable departments will just treat them as such and remit payment on them.

We almost got stung in an offline counterpart to the domain slam: A company calling themselves Ontario Energy Savings came to our door and nearly slammed us over to their company for a 5-year contract on gas.
The first time it happened I answered the door and I was under the impression he was from my existing gas company and he needed to "check something" but when he asked me for a copy of my gas bill I got irritated and got all crusty on him (note: my grouchy disposition saved me in the end). He had a hard time taking this which further fueled my aggravation, leading me to all but slamming the door on him.

A few days later my wife left some papers on my desk "something about our gas account" she said. They got to her on pass two and she isn't as belligerent as I am. They still needed me to ok the deal since the gas bill is in my name but every time they called me at night to get my confirmation I was in full-on testy mode and told them to call me at my office in the afternoon before hanging up. At this point I still thought this was all legit and was just some extremely tedious beaurocracy I had to deal with. They tried a couple times to get verbal confirmation from me over the phone but since I'm impatient and rude to a fault to anybody I think is a telemarketer (this is a personal character failing of mine, these people are just trying to do their jobs and I should just chill and politely decline, but I tend to be rude and testy and it's nearly cost me a few times over the years when it turned out not to be a salesman on the line, but a reporter...or a customer, etc), I just told them to call me tomorrow - at the office - and hung up.

Fortunately they gave up on that tack and tried mailing me a simple one-pager I just had to sign and mail back. That's when the haunting familiarity between what was going on and my experiences with domain slammers clicked in and I googled Ontario Energy Savings and then looked up my current natural gas price (about 24 cents per cubic meter in January) versus the "energy price protected" price they were offering to me on a five year commitment (42 cents per cubic meter).

The lightbulb finally went on, we were being chumped. At least that's what it felt like, so made sure to call them voice, cancel the process and obtain a cancellation confirmation from their agent.

Natural gas futures are typically traded in British Thermal Units while consumer gas deliveries seem to be priced in cubic meters, finding a conversion between the two was difficult, but according to this Wikipedia entry I think you can guestimate it by saying 1 BTU is about 28 cubic meters.

At first I found myself wishing/wondering if some Black Swan event in natural gas could totally ruin these types of companies but then I doubt it. My guess is these outfits probably go out and buy forward contracts on natural gas which covers their commitments. It's a nice arbitrage scam in fact: sign people up now at 30% - 40% premiums over the current market rate, lock them in for 5-years. When I looked at the natural gas futures 5 years out I found the prices trending slightly lower it would mean their margins only get better over the life of the contract. It's a pretty sweet setup, all it takes are clueless consumers on the front end to lock in at inflated prices.

Posted by Mark Jeftovic in The Sleazemeter at 21:15

Tuesday, June 3. 2008

Newsflash: Some Web 2.0 Companies are Over Valued

I like Techcrunch a lot, and have always been proud that they're an easyDNS DNS hosting client, but sometimes I find myself shaking my head a lot as I scroll through their feed in my bloglines reader. The still pre-revenue Twitter just got something like a Q-round funding giving them a post-money valuation somewhere north of Canada's GDP and some of the A-rounds being announced stand less of a chance succeeding than bluetooth enabled salad forks.

While the current VC's of these deals may succeed in their own business plans (that of achieving subsequent fundings at ever higher valuations, or effecting a liquidation event where some large elephant with too much money takes the entire thing over), whoever ends up ultimately owning these start-ups at the highest valuation will never recoup that "investment" out of earnings from the venture.

With some of these Web 2.0 companies it's like trying to build a business plan and monetize a really hot knock-knock joke. It catches on like wildfire, soon everybody's telling it in the elevator or at the water-cooler. Your cab driver knows it and so did your waiter at lunch. And then some VC firm comes along throws 60 million into the pot thinking eventually people will pay to hear it, or that they can sell advertisements just before the punch line.

I don't see it happening.

Posted by Mark Jeftovic in Venture Crapital at 11:31

Friday, May 30. 2008

What would Eckhart Tolle do with incontrovertible proof that 9/11 was an "inside job"?

Today's post considers far-fringe deep-politics within the context of individual spirituality and consciousness cultivation. It doesn't aim to come off sounding apathetic (9/11 was an inside job? So what?), but it takes a serious look at the "what if it were true" consequences from a viewpoint of "what could we do about it that isn't as bad as the mindset that precipitated it in the first place"?

I come to the conclusion that retribution-oriented finales, be it a blood-in-the-streets revolution or a neo-Nuremburg spectacle where the guilty are hung from meathooks en masse, though understandable, entirely predictable and possibly even probable, are not the enlightened choices. Rather what is needed is a mass exodus from the Herd. It is the Herd that makes these crimes against humanity possible, and it is the Herd which must be fled from and dissolved. Without it, corrupt power mongers are absent a pack of lemmings to drive off a cliff.

I'll then end the post with 7-steps anybody can take to quit the program and say goodbye to the Herd. Bon Voyage!
Having been a long time reader of Eckhart Tolle's works and frequently listen to his audio books when driving I find myself wondering how somebody like him would react under certain conditions of stress or high emotion. How would "Power of Now" factor in, say, if Eckhart Tolle was stopped in traffic somewhere and somebody drove by and lobbed a hand grenade into his vehicle? Would an adrenaline rush ensue? Wild manic thought? ("Run!") Would the unthinking observer to his own thoughts slow things down? ("How interesting, there is a grenade in my car and my ego and my pain body are having a party"...*kaboom*..."and that's...ok")

Then as a lifelong junkie for conspiracy theories and fringe science I find myself more often asking myself the question "so what if it's true" with a completely different tonality lately. I used to think that if certain things were true it would be a travesty of unspeakable proportions and somewhere, somehow, there must be hell to pay for it! Now I wonder how I can just be free of these things and ask myself how I can be sure I'm not making a given situation worse. As a result, I find myself questioning all kinds of things that I think people are assumed never to question.

Many things we take for granted today are sustained by that lack of awareness, in fact they rely on it. Things like patriotism. Why is my particular country great and everybody else's morally inferior? Is it because I was born here and that's it? It seems pretty tenuous when you think about it, but we are encouraged from a very young age not to. Every political state, every power structure has a bunch of bodies buried in the backyard somewhere. Here in Canada, the land was taken from its original inhabitants in a pretty one-sided manner, the treatment of the Japanese during World War Two, and our complicity in various black-bag ops around the world (I won't name them here) all come to mind. Our hands our dirty, so is every other country's. But we are trained to never look at this with a critical eye. Suffice it to say that we are the greatest hockey nation on the face of the earth, our beer rocks and we are not Americans and that's about all it takes. Canada, number 1, eh.

My country does stuff and has done stuff that we would use as justification against another country for war. Happens all the time and every country does it. When we do it, it's ok. When you do it, it's war! It's a type of culturally ingrained one-sidedness I've heard called "American exceptionalism" that applies to everybody. It seems to make patriotism an absurd belief that 2 + 2 = 4, but only when we're the ones adding it up.

After 9/11 it became off-limits to critically examine patriotism. Bill O'Reilly told us if we didn't agree with the pre-emptive war on Iraq we should just shut up. It was on all "loyal" Americans to do so. Loyalty is as interesting as patriotism in this context. What are Americans expected to be loyal to? That's another question which takes people into off-limits territory.

The "9/11 was an Inside Job" meme is sure to earn anybody who even entertains it a whole handful of labels they wouldn't readily invite on themselves. If the prospect of that possibility is too disruptive to your worldview to even consider critically, how about looking at some other less disturbing "fact" that you're expected to swallow without reservation, like Consumer Price Inflation is currently running 2.4% annually. Start there, see if any of your direct observational experiences in your own life seem to contradict that. Start doing that more often.

The 30-second guide to the "Inside Job" meme is this: The Project For a New American Century published "Rebuilding America's Defenses: Strategies, Forces, and Resources For a New Century" a year before 9/11 that almost wishfully hoped for "some catastrophic and catalyzing event â€" like a new Pearl Harbor"... and then it happened. And the same guys who founded PNAC (Rumsfeld, Cheney, etc) happened to be running the administration at the time. Odd that.

If I posted on this blog "my life would be a lot easier if something 'happened' to my business partners" and a year or so later they were both in a cab that exploded or a plane that crashed, that blog post would come back to haunt me. Especially if I also took out sizable insurance policies on them shortly before the event.

So I read an interesting overview of the 9/11 as Inside Job which cites Edward Luttwak's Coup D'Etat: A Practical Handbook a book which practically lept off of a used-bookstore shelf into my hands many years ago. Luttwak mentioned 3 preconditions to a successful coup, we have been looking today at number 2, the second requirement of a successful coup d'etat is....(drumroll please)

a passive people not likely to react to a takeover

And that is certainly what we have today. We have a populous so docile, so tamed that not only would they not react to a takeover, it would be surprising if they noticed it.

But, then there are those people who do notice it, or at least suspect it, or perhaps even consider the possibility that it has taken place. What are those people to do? Personally when I hear "calls to arms", most of them fall flat for me. Go out into the streets as part of a mob with a placard that reads "9/11 TRUTH NOW!" Give me a break. It seems as mindless to me as "They hate us because of our freedoms". It doesn't matter what's written on the placards - slogans numb thought. It's the secret sauce the advertising industry pays billions to maintain.

Which brings us to the true dichotomy of today's post, if I'm such an Eckhart Tolle fan, shouldn't I welcome that which kills thought? Shouldn't mindless conformity be encouraged, promoted and cultivated? Is Eckhart Tolle an agent of the New World Order? Hell, who isn't.
I've a long held cliche "one man's sewing circle is another's shadowy cabal". It means that from the Herd's perspective, anybody who manages to separate themselves from the Herd and achieve any kind of noteworthy repute, will be suspected by some sub-section of the Herd as being an Agent of the New World Order or The AntiChrist.

Would Eckhardt Tolle be out in the streets with a "9/11 TRUTH NOW" placard if he knew that the whole inside job meme was true? For some reason I would expect not. I don't think he would say "So what?", but I wouldn't be surprised if he said "Is that so?". Would a vengeful mob form around the thought body "Is that so?", calling those responsible onto the carpet and paying retribution? I doubt it.

So does the Eckhardt Tolle approach give us anything useful in response to this hypothetical construct? I think it does. I think where we arrive if we look at it is a place where mobs don't exist if everybody is present and conscious within their own lives. It's not that the correct response to "9/11 was an inside job" may very well be "Is that so?". What is more important is the correct response to "Those people over there are evil, we must do something!". If everybody responds "Is that so?", then the 9/11's stop happening and we'd live in place where the government was a purely administrative functionary - keeping the traffic lights operating, etc. They wouldn't spend their time calculating what has to happen "out there" because everybody "in here" just wouldn't buy into the hysteria. "Iran is run by a sub-human!" Now that's a "So What? Have you fixed the damn levee yet? It's almost hurricane season here"

My personal suspicion is that the mob, the populace, the Herd, can by definition only be motivated into doing the wrong thing and to make things worse. If they're all fired up about something and ready to act on it, it can only end in trouble.

Those who truly wish to do The Right Thing™ can only be present, get grounded and not allow themselves to be swept up and away by other people's agendas.

Part II: How does one become present and grounded in a world full of hysterical mobs?

We are told to begin becoming aware of the "spaces". Echardt Tolle advises us that a good first step is to start paying attention to the short silences between the words you hear. My first exposure to the concept was in Daniel Goldman's Emotional Intelligence where he discusses the "space" between a stimulus and your reaction to it. I read that book a couple years after getting sober and it was literally the first I had ever heard or even thought or made aware of that space. "There's a space between a stimulus and my reaction to it?" I exclaimed. I had no idea. My entire life until then had simply been one long reaction to things. The revelation that there was a small gap, no matter how imperceptible it was at the time, between an event or stimulation and "my" response to it meant that there was some space there for me to enter the situation, by "me" I mean my real being, not my automaton self which, when oblivious to that buffer zone of consciousness would just fly off on auto-pilot and react.

Event/Stimulus -> [Insert you here - take a deep breath - analyze situation - acceptance] -> response = A world where everybody goes around leading their lives in relative peace and prosperity

or

Event/Stimulus -> Response = a world of lemmings where the masses are perpetually pushed around by those who know which buttons to press.

So here are my 7 steps toward being able to increase the size of the gaps between the stimulus and the response, 7-steps toward functioning from your own internal being, how not to be "among leaves blown on a furious wind"

Watch less television. Every sucessful person I've ever studied from the modern era has little use for it and they all advise against it.
Get your news privately: by this I mean seek out specialized, competent news and analysis that is not really for public consumption. In my case this varies from The Privateer to Marc Faber's Gloom Boom Doom Report and Stratfor. CNN and CNBC are just comic relief for me.
Eliminate Debt: While Television was the opiate of the last generation's masses, insurmountable debt is how the next generation of slave mobs will be grown and controlled. Avoid consumer debt like the plaque. Get rid of any you have. Use productive debt (leverage) with caution. Don't over-leverage.
Shed your addictions: Identify what your most debilitating, life limiting addiction is. Make a decision to leave it behind. Do so. Repeat as required.
Think!: Analyze those things you are expected to swallow without question. Are the premises true?
Don't think!: Your mind is a tool, don't confuse it with who you actually are. Your thoughts are not you, they're just thoughts.
Avoid Mobs: General Rule of Thumb: Most members of most crowds are followers. If you're following something or somebody, how closely have you examined what you're actually doing?

All of which is easier said than done, but if you spend your time on the above, at least you won't have time to screw up anybody else's life.

Posted by Mark Jeftovic in Life, the Universe and Everything at 10:35

Tuesday, May 13. 2008

The CRTC Gets a Clue...

I was pleasantly surprised this morning to receive the news that Tim Denton has been appointed a full time commissioner to the CRTC (that's our version of the FCC for you American's in the audience).

Having served with Tim on the CIRA Board back in the day, I know that Tim knows his telecom policy, understands technology and he's a lawyer. We need more people like that and I think he'll be in a position to bring his unique blend of expertise to the organization.

Posted by Mark Jeftovic in AntiPolitics at 13:43

Monday, May 12. 2008

Damn Right Your Dad Drank It

As an ex-drinker I'm not generally a militant straight-laced stick-in-the-mud (like the way I am a militant ex-smoker). I couldn't care less if people drink or what they think drinking does for them.

But I find the new Canadian Club Whiskey ad campaign a little silly or bothersome on a couple of levels for some reason, maybe you as well. If so, you may enjoy this ad parody.

Posted by Mark Jeftovic in Tongue-in-cheek at 21:58

Wednesday, March 26. 2008

Please note: ORDB anti-spam list no longer operational...

A number of our customers who maintain their own mailservers have called reporting issues with the delivery of their email in the last 24 hours. If you are experiencing something similar, please ensure that you are not using the ORDB anti-spam list.
The ORDB anti-spam list was shut down in December 2006, and in an effort to fully deactivate the list, ORDB is now sending out false positives. This means that if your mailserver relies on the ORDB anti-spam list, your mailserver is more than likely rejecting ALL EMAIL that is being relayed to it.
Please ensure you remove your mailserver's dependence on ORDB, as this will correct this specific issue.
Discussion about this recent development with ORDB can be found at the following URL upon Slashdot:http://it.slashdot.org/article.pl?sid=08/03/25/2124224

Posted by easyDNS: Domain Industry Watch in via easyDNS blog at 14:46

Monday, March 17. 2008

Q: How do you get out of a mess? A: don't cause one.

I had to laugh out loud when I watched Jim Rogers interviewed on CNBC, after he lambasted Bernanke for his abject mishandling of the credit market implosion, one interviewer asked: "Tell me two things you would you do if you were Bernanke tomorrow?" - Without missing a beat he said 1: Abolish the fed and 2: Resign

His tirade against what capitalism is not, and that what passes for capitalism today is really just socialism for bankers is a must see. The thing I love about Rogers (and Buffet, and Munger and Soros et al) is you can't really argue with success. These are bar none, the most successful investors in the world and they have always said the same thing: All this fed liquidity will end badly.

Still, you say that on CNBC and some twit like Kudlow makes it sound "unAmerican". Hell, maybe it is un-American to let people take responsibility for their own actions and to let market forces do their job after a bunch of knuckleheads juice up the system on artificial stimulus for a few decades.

I'd be shorting the hell out of the markets even from here if 1) I could find a halfway decent re-entry point and 2) I thought US dollars would be worth anything on the other end. But since 1) isn't happening and 2) appears dubious at best I have to be satisfied with not having my net worth being chewed into pulp by a meat-grinder stockmarket each passing day (don't get me wrong, I'm very satisfied with that)

Amazingly, there are still talking heads talking as if the Recession is still hypothetical, avoidable or if not, how mild and soothing it will be and why this a fantastic chance to be buying stocks on the cheap. Tell me this: if "now" is always a great time to be buying stocks and the market is underpriced, how lucky are the bargain-hunting saps who bought Bear Stearns at $30 on friday?

Let the class actions on that one commence, there will be many more to follow. As long as the Fed is acting as if an investment bank going out of business is purely unthinkable there will be much more of this to come, and if Bernanke keeps it up, this will end in a hyperinflation induced flameout of apocalyptic proportions (think James Wesley Rawles' Patriots, which describes a Mad-Max-like post-hyperinflation economic meltdown in the US)

Posted by Mark Jeftovic in This is not investment advice at 14:05

Thursday, March 6. 2008

easyURL adds "FEDEX" tracking widget

Trivial but handy: I found myself having to email out some Fedex tracking ID's today, so I thought what would make it easy would be a way to create a redirect to the Fedex tracking page for that ID without having to visit a URL shortener site to create the redirect.
That's the core idea behind the "URL Widgets" or "Redirect Widgets" of easyURL, which are described here We also have them setup for Amazon products, domain lookups (surprise), Wikipedia pages and RFC's.

Posted by easyDNS: of Interest in via easyDNS blog at 15:08

Sunday, March 2. 2008

How to use your own domain name with Google Apps

Many Ayromlou does it again, publishing another step-by-step tutorial, complete with screen shots on how to use your own domain name on easyDNS with Google Apps..

Posted by easyDNS: Tips and Tricks in via easyDNS blog at 18:40

Thursday, February 28. 2008

The Grand Swindle

LTCM, Bre-x, Enron, Subprime, oh my, will we wake up before the Visa IPO scam plays out?

Last week while I watched Orwell Rolls in His Grave and Enron: The Smartest Guys in the Room I began to experience the feeling that I was hearing the same story again, only describing a different setting and different characters. There was a great line by an obscure singer named Tony Carey which sums it up: "Nothing changes but the names, one more ace shot down in flames, in Tinseltown".

It seems to be happening on both macro and micro scales at all levels of our society: whether it's billion dollar hedge-funds imploding because they can't mark their bullshit derivatives to market, or some Hollywood glam-addicted celeb whose exterior life is coveted by the masses publicly unravels or dies with a whimper and a thud; the consistant theme of today's Zeitgeist is The Flameout. It's been happening for years, their intensity is quickening while their ramifications expand and compound and yet, we rarely learn a damn thing from any of them.

Concurrent with this, the Grand Lies abound and Grand Swindles are routinely run against a gullible public that seemingly wants to be taken to
the cleaners over and over again. It still baffles me to this day that so many politicians, beaurocrats and pundits have been
caught out in so many deceptions and blunders and we still listen to them and assign them a modicum of credibility: Bear Stearns issuing an "upgrade" on a financial sector in full-on meltdown mode, a panel of economists stating that the US will avert a recession that it's already knee deep in, "keeping all options on the table" with respect to Iran despite being completely, utterly and inexecusably wrong about "WMD in Iraq"; whether it's all lies or just plain stupidity it doesn't matter: we can't seem to get enough of it and continue to eat it up.

It begs the question, where do we get all these guys? And why act on their prognostications, or at least sign-off on the misadventures they steer us into? Looking at their track records, it would make more sense to hang every expert authority on a meathook every time one opened his mouth. Instead we take them very seriously. It always ends badly.

The correspondences in the patterns continue to permeate our culture:

In "Orwell Rolls in His Grave", Robert W. McChesney tells us that reporters and news media take the bulk of their stories from official sources.

In The Sleuth Investor, Avner Mandelman tells us that most Wall (and Bay) Street analysts simply formulate opinions based on data supplied by the companies and investment banks. In many cases, they work for the same investment banks which underwrite deals of the companies they are covering. Surprise surprise: Buy recos abound.

Whether it's Enron, LTCM, even Bre-X and now the Subprime sludge, it astounds me how Wall St./Bay St. and the banks are either willing accomplices to sociopathic criminality or frictionless conduits of incompetence.

In the aftermath of the Enron debacle, Andrew Fastow received 10 years and had that reduced to 6 years in a country club for co-operating. The most pathetic moment of the "Enron: Smartest guys in the room" documentry depicted Ken Lay giving a speech in which professed to be the biggest victim of the entire scam. Complaining to his audience that he had seen his net worth dwindle from over 200 million to "around 20 million, with only about a million in liquidity". While nobody likes to see 90% of their net worth evaporate, I consider the fate of the lower echelon Enron worker who had his entire life savings of $375,000 in Enron stock in his 401K more tragic. He managed to sell it for $12,000 after the trading halt was lifted. The latter was but an example of thousands of loyal employees who, lack of investing acumen aside, lost everything for the sole crime of believing in the company they worked for.

Ken Lay never made it to prison but I had side bets out that Bush was going to pardon him on his last day in office anyway. Maybe Jeff Skilling still will be. Watch that pardon list in January 09 - I'm sure it'll contain a few outrages.

So where do all these sociopaths come from ? And why do we as a society allow them to be coddled and cuddled when everything falls apart?

Had Enron happened in China the three amigos of Skilling, Fastow and Lay would have been marched blindfolded into a windowless cell and been unceremoniously shot behind the ear with a revolver. Good riddance. Leniency for white collar criminals there isn't a prison term served in a country club - it's death by lethal injection instead of a bullet in the brain.

In the west we live in an entitlement saturated utopia, where political correctness is so extreme the criminals have more rights than the citizenry, and the white collar crooks are practically celebrated.

We have only ourselves to blame for collectively believing The Great Lie. That Grand Swindle that says Debt is Wealth, Pro Forma accounting is more important than positive net earnings, cashflow can be magically materialized out of our credit cards or home equity, teaser rates last forever, stocks always go up, savings are unfashionable, short-selling is unpatriotic, we think/they work, we have a strong dollar policy and the children are all above average.

As long as the above nonsense passes for conventional wisdom, Joe Public (a.k.a the "lumpeninvestor") will always be run off the edge of a cliff like a pack of lemmings while the insiders to this rigged game line their pockets.

That the game is rigged poses a deeper problem than the criminals running it getting rich while destroying lives en masse: because of the Grand Swindle, what passes for capitalism - isn't and free markets - aren't. We are constantly told that this all encompassing fraud is the free enterprise system and that's what will be blamed in the trough of the coming "Redepression".

The deception has been going on so long, and the imbalances and economic crises it is precipitating now will be so far reaching and bleak the words "capitalism" and "free trade" will be unusable after it all washes out.

As alluded earlier, what finally galvanized this post was my reaction to the news that Visa is to go public with the largest IPO in history. I had posited awhile ago that the wave of Private Equity IPOs like Blackstone and Carlyle Group seemed like a distribution operation for insiders more than anything else. Basically an attempt to create a market for otherwise unmovable debt paper. If you listen to Prem Watsa at Fairfax financial, that the subprime mess isn't over, and that it will be followed by meltdowns in the (pay attention to this one) credit card industry followed by auto lenders, the timing of the VISA IPO seems suspect.

Could the Visa IPO be one final mammoth swindle for the insiders to cash out their chips while the toxic waste gets sold to the general public just in time for the consumer debt bubble to implode? Who better to leave holding the bag? Why not the general public, by now they should be used to it.

Posted by Mark Jeftovic in Venture Crapital at 22:17

Monday, January 28. 2008

Are domain names recession-proof? Probably not, next question?

I didnâ€™t see the Fortune article Are domain names recession proof until the weekend, and being the author of the now infamous Domain aftermarket overdue for an asset repricing last year I feel somewhat obligated to comment on it.

There can be no doubt now that the recession is here. I went on record nearly a year ago that it was coming, so I nearly gagged when I saw Jim Cramer say something along the lines of â€œI told you all this was comingâ€• over the Christmas holidays. So now itâ€™s ok to say â€œrecessionâ€• in polite company although the politicians and the pundits still try to soften it up by making sure they modify it with words like â€œmaybeâ€•, â€œslightâ€•, â€œmildâ€• and â€œpossibleâ€•. Make no mistake, itâ€™s underway and I think weâ€™re far closer to the beginning of it than the end.

So, how will domain names fare in a recession? The Fortune article was upbeat:

â€œGlobal markets are in a state of panic. Credit markets are all but closed. And recession fears are everywhere. But at the conference I attended in Hollywood this week, called DomainFest, youâ€™d have little clue that the financial world was melting down.

The domain world - the people that buy and sell names and make money from pay-per-click ads on their websites - is booming. Downturn? Bring it onâ€¦.â€•

While the rest of the article is little more than a laymanâ€™s intro to the domainer business model, the question is timely. Now that the recession is here and, to paraphrase the old detergent commercial â€œweâ€™re soaking in itâ€•, are domain names as an asset class a â€œsafe havenâ€•? Will they in general terms produce â€œabove averageâ€• returns compared with other places to put oneâ€™s money such as stocks, bonds, commodities or inflation protected t-bills?

The difficulty of treating domains as an asset class per se

One of the troubles with examining domains names as an asset class is the short amount of time theyâ€™ve been around: compared to mainstream assets and financial instruments, domain names and the DNS have been around a few microseconds. Thus, we donâ€™t have a lot of historical data to make inferences from. In the history of the commercial internet (say since 1994 or so), thereâ€™s been one recession/bear market (2000-2002) and itâ€™s almost a stretch to call it a meaningful one.

One domain broker I know related that â€œaftermarket values tankedâ€• after the Nasdaq bubble burst. I know that prior to the crash, one of my clients paid $90,000 USD for a domain and he didnâ€™t even bother renewing its DNS last year. Itâ€™s sitting right now on our â€œDNS expiredâ€• pages so I even have insight into itâ€™s traffic and PPC value. It gets a steady 20 to 40 â€œtype-insâ€• per day, but at current PPC revenues the domain will break even in 4,500 years.

So on one hand, we donâ€™t have much of a past track record to give us insight into how domains as an asset will perform through various stages of economic cycles, the other problem is to the future: will there even be domain names in 5, 10, 50 or 100 years? We can, with some confidence, assert that in 100 years time people will still eat, wear clothes and sleep indoors, putting some kind of a demand based floor under things like real estate, textiles and commodities.

Domains on the other hand, work because of â€œDNSâ€•, and even though my personal livelihood depends on â€œlong live DNSâ€•, I am not fool enough to think that in 10 or 20 years some completely different method will be employed that enables computers and network services to uniquely identify and locate each other across disparate networks. I called this future protocol â€œquantum foamâ€• once as a placeholder. Letâ€™s for our purposes just label it â€œQNLâ€• for â€œQuantum Network Locatorâ€• and wonder if some kid in a garage is going to invent it at some point. Even if that event is 50 years out, paying 100X on a domain may not work out so well.

What is recession-proof?

Warren Buffet loves recessions because they enable him to pick up undervalued assets on the cheap. Heâ€™s parlayed $100,000 into a personal fortune worth over $30 Billion doing just that. What attracts Buffet to investments are what he calls â€œdurable competitive advantagesâ€•, or what his mentor Benjamin Graham termed â€œmoatsâ€•. In tech land we often equate this with â€œbarriers to entryâ€• but they are not exactly the same thing. The phrase I personally identify with it is â€œthe ability to defendâ€•. How defensible are domain names?

The problem there as I see it is that there are two pillars holding up domain values: PPC and direct navigation.

On the PPC side, there is very nearly a single-point-of-failure for the entire industry and that is Google. As Jay Westerdal pointed out, Google may very well have single-handedly killed the domain tasting industry last week, which is significant. The registrarsâ€™ constituency tried to hammer out a consensus, the registries themselves have been scratching their heads over how to best deal with perceived abuses of the AGP and along comes Google, from completely outside the inner circle and toasts the entire sector in one edict: no more monetization of domains less than 5 days old. End of story, end of the AGP carry trade.

So GOOG has the power to kill an entire slice if the domain pie, what would happen to the rest of it if they failed completely? It doesnâ€™t matter how far-fetched that sounds, the point is that there is a lot of capital pouring into the domain monetization game and the entire domain monetization game is dependent on a single external entity. What if GOOG says â€œno more parked pagesâ€• next? They wonâ€™tâ€¦but they could.

The other aspect of domain monetization is, of course, direct navigation and again, this is where the rest of the domainer world and myself agree to disagree. Once again, there is the ability for entities outside the domainerâ€™s sphere of influence to have a huge impact on type-in. What if Google (them again) releases Gbrowser (or Gfox, or G-zilla) puts the search box where the location box is, puts the location box under Shift-Ctrl-F-L and grabs 20% or 30% of the market over the next few years? What if IE (who already has 20% on IE7 and another 30% on IE6) did it tomorrow?

Future input devices (the stuff we havenâ€™t thought of yet), likely wonâ€™t interface with the computer using keywords with â€œ.comâ€• appended to it. When you think of it, typing that into your browserâ€™s location bar is a quite antiquated, not to mention uninformed method of getting around the internet. Future UI will succeed on the basis of infusing the userâ€™s known preferences with relevant search queries and agents. I donâ€™t know what itâ€™ll be or what itâ€™ll look like, but I know innovations will happen in UI and they will probably obsolete or at least end-run type-in.

So if you listen to me (donâ€™t worry, very few do), there are two gaping holes in the ability for domain names to defend or construct moats of safety around their current revenue models. The common factor in both is that too much crucial underpinnings of the PPC model are subject to control outside of the PPC/domainer industry. Unless Oversee can buy Google in the next few years.

Neither of these scenarios ever need happen to impact our assessment of domains as an investment vehicle and to ponder their value through a recession. If thereâ€™s one thing Iâ€™ve taken away from my studies of value investing itâ€™s â€œmargin of safetyâ€•. All business is in a word, risk. So we want our entry points into our investments to offset the risks. At current levels, I think if any technical analysts existed in the domain aftermarket, they would call them â€œoverboughtâ€•. Hence no â€œmargin of safetyâ€• against these risks.

What are safe havens?

During times of trouble, people flock to â€œsafe havensâ€•. These havens have certain characteristics, including being dull, boring and thus (hopefully) safe. Such times are often eventful, tumultuous and are often by definition, not boring, so whatever people flee to during a crisis, they arenâ€™t looking for more excitement. Gold is a good example. We may not really understand exactly why a polished metal out of the ground holds itâ€™s â€œvalueâ€• perpetually but we are hard pressed to find a tailor anywhere in the world who wonâ€™t sell you a suit for an ounce of it.

Everybody has to eat, everybody has to sleep, everybody needs shelter. Nobody must surf the net or send email. If you find yourself in tough economic times deflation or hyperinflation, typified by scarcity, fear, uncertainty and financial chaos and you have an ounce of gold in one pocket and the auth code for food.com the other, I doubt youâ€™ll be able to feed your family with the latter. While we all hope times donâ€™t get that dire, that is the thought process at the root of all flights to safety among the asset classes: â€œHow useful will this be if the crap really hits the fan?â€• and â€œHow much value will this hold in all dire circumstances?â€• (deflation, hyperinflation, stagflation, etc)

Some factors that favour of domain names relative to other asset classes.

Iâ€™m saving some optimistic thoughts for the true believers and Iâ€™ll outline why â€œdomains-as-assetâ€• class have a few favorable factors going into a recession which may help them become a lagging casualty (meaning the damage will occur later, and may not be as deep).

Domains in general are not leveraged. This quite possibly can make the difference between suffering through a few lean years and going bankrupt. If there is a defining character of this financial meltdown it is illiquidity. The damage is coming from overleverage and compounded by the fact that in many sectors (mortgages, LBOs, etc) too much debt has been issued, and then packaged up and resold. The result are a flurry of crisis moments where entire books of instruments canâ€™t be marked to market and liquidity totally seizes up.

There may be a reciprocal effect in advertising mediums to the benefit of domain names. During recessions, many businesses reign in their marketing budgets. (This is often times a mistake but in many cases they donâ€™t have a choice). Institutional advertising may suffer declines and as companies pare back on, say, Superbowl ads, they sustain or even increase their online ad spending because ROI can actually be measured. Also, online spending tends to be more accessible to small businesses than institutional advertising so the more savvy small businesses may actually step up their PPC spends. But I must stress, I think all this happens against a backdrop of overall falling budgets and falling spending, lower bids. Good for the buyers (recessions always are), but bad for the sellers (which is what the domainers are).

So our examination of the question "Are domain names recession proof?" can be summarized, I would say that the lack of track record (domains havenâ€™t existed long enough to gain insight on how they will react under differing economic climates), means domains wonâ€™t qualify as a safe haven asset during a recession or an economic storm.

I would go on to say that at current overbought, overheated aftermarket pricing, there is no â€œmargin-of-safetyâ€• on buying domain names as an investment (either by PPC at inflated multiples, trying to flip into a cooling market, or just thinking generic .comâ€™s are the â€œreal estate of the futureâ€• â€“ real estate has bubbles too)

The good news is there is no pronounced leverage in the sector generally. Jay Westerdal may wish banks would â€œget itâ€• and finance domain names, but going into this recession it may be a benefit to the domainers that there isnâ€™t a lot of debt overhanging the industry. Most domains are (assumed) to be owned outright, so if PPC revenues fall, there isnâ€™t the spectre of being underwater on debt service looming.

While I donâ€™t consider domains â€œrecession proofâ€•, I will be looking for signs of a bottom on this one, and for those of us who are still solvent (hopefully you and me included), there should be some bargains to be had.

I think part of the fallout against my â€œAftermarket Overvaluedâ€• article last year was people thought I was saying â€œdomain names suckâ€•, and that wasnâ€™t my intent. Iâ€™ve always loved domain names, Iâ€™m a geek and Iâ€™m in the DNS business and I was collecting domain names before I ended up being a registrar. I just called an overbought aftermarket as I see it.

What happens during recessions? Overreactions to the downside. Iâ€™m not a permabear so stay tuned for my someday-in-the-future article â€œDomain name aftermarket screaming BUYâ€•. Hopefully it wonâ€™t be 10 years from now.

`Posted by Mark Jeftovic in Venture Crapital at 14:08`

Friday, January 18. 2008

The Economy: Time to Panic? (Not yet, but wear diapers)

As a child, my mother remembers peaking through a window into the bedroom of her grandfather, my great-grandfather, who would sit at a table frantically counting and recounting a few gold coins in a bag. He had gone off his nut, basically, and this was his obsession: emptying a few coins out of his bag and recounting them into it. I was told this tale at a fairly young age and had taken it as a cautionary tale against being miserly or otherwise obsessed with money.

It was only during a recent visit from my mom that I learned the other piece of my great-grandfather's story. He was rich, already a wealthy man before all that "Great War" unpleasantness. WWI ended and he had all of his wealth in (wait for it...) gold. What happened next is what broke the man. A business partner of his convinced him that gold was old news and about as valuable as it was ever going to get (A "barbarous relic" in today's parlance). My great-grandfather agreed he may be right and liquidated the vast majority of his gold bullion and coins into cash. This was in around 1920's Germany, better known then as "The Weimar Republic". Ask any halfway competent student of history about the Weimar Republic and they will all say the one thing it was remembered for the most: HYPERINFLATION.

What is the best possible thing to have oodles of during a period of hyperinflation? Gold What's the worst thing you can do with gold just prior to an episode of hyperinflation? Sell it for cash.

That's what my great-grandfather did and he spent the rest of his days a crazed pauper with OCD. For some reason that story really, I mean really resonates with me on a lot of levels. If I believed in re-incarnation, I would say "I'm that guy, and this time I'm going to get it right goddammit. "

When I flipped past Larry King's show last night and the headline was "The Economy: Time to Panic?" I realized just how badly spoiled we are here in the west.Sure, the stock market is down 14%. That's 14% down from an idiotic high it had no business being near in the first place. But all told, a 14% pullback is peanuts. But in the mindset of the typical lumpenvestor, this is inexcusable and grounds for a massive government mobilization. What kills me about all this is the implicit assumption that consequences are for other people.

When this subprime unwinding really started to impact the market, the financial sector screamed bloody murder and demanded a bailout, the archetypical representation of the entire sector's ethos is captured beautifully by the now legendary Jim Cramer meltdown on CNBC. At around 52 seconds into the clip he says something interesting,

that something is along the lines

"he [Bernanke] has no idea how bad it is out there...I have been on the phone with the heads of all these firms in the past 72 hours and he has no idea how bad it is out there, my people have been in this game for 25 years, and they are losing their jobs and these firms are going out of business"

It is indeed a meltdown to behold and, as Bart Simpson would quip: "The ironing is delicious".

When GM or IBM or some other non-financial giant lays off thousands of workers, guys like Jim Cramer will quip that it's the way of the world and the stock price of those companies will actually bounce a bit. Who gives a crap, those workers are nothing more than cells in a spreadsheet. But when a bunch of bankers, who have been selling each other shit and calling it shinola for years finally get caught out and it all crumbles, the prospect of the consequences coming home to roost is unthinkable. That bankers lose their jobs and firms go underwater because billions of dollars of bullshit derivatives that they dreamed up themselves can't be marked to market is a bona fide crime against humanity.

Citigroup and Merryl Lynch coughed up a 20 billion dollar furball between them this week, then Bear Stearns (who kicked all this subprime mess off last year by having a debt auction that nobody showed up for) added the comedic punchline by upgrading the financial sector. With the exception of Goldman Sachs (who gave subprime such a wide berth they are being investigated by regulators, no good deed goes unpunished), the entire investment services sector looks like a bunch of financially illiterate retards and we're supposed to seriously heed their upgrade recos on the financial sector? These are the same guys who called people like me (contrarians who shunned growth stocks and bought gold in 2002) a bunch of idiots that "just don't get the new economy".

Now the US president has mobilized into action, back from the middle east where he begged the Saudi king for lower oil prices he's crafting a 150 billion dollar stimulus package to ward off a recession that no talking head in Washington will even admit is happening. Everything is fine, but suddenly a 50 basis point cut on the 30th probably won't satisfy the street, it needs an unheard of 75 basis point cut now and if they get it, somewhere some twit will in the same breath re-iterate America's commitment to a "strong dollar policy". We live in truly Orwellian times folks.

I started off last year predicting predictions for a "second half recovery" in 2008 and I haven't heard that magic phrase...yet. The R-word (recession) has only begun to be usable in polite company the last couple weeks and suddenly it's everywhere, but it's still being used in a benign, unalarming context. "Recession? Yeah, I guess there's a remote possibility that we could have a mild recession" but if you read between the lines, alarm bells are ringing, central bankers and politicians are scrambling and the people who see behind the scenes are crapping their pants. Who knew?

Posted by Mark Jeftovic in Venture Crapital at 13:23

Wednesday, December 5. 2007

He says that like it's a bad thing...

I don't know who Jesse Larner is, I don't own a gun, and I may be the only card carrying libertarian in the world who has never read an Ayn Rand book. But I felt I had to put down my thoughts in response to his "Sinister Folly of Ayn Rand" rant on the Huffington Post. Specifically this comment:

In her insistence that she owed nothing to the state, nothing to any human being other than herself, Rand epitomized the kind of childishness shown by libertarians who insist that they have every legal and moral right to own as many guns as they please, pay no taxes, educate their children at home, and live free of any law except those governing, in the most direct manner, their own security and that of their neighbors. A watered-down form of this nonsense today exists in the platform of presidential candidate Ron Paul...

which of course is where the title of today's post comes from. As I said, I've never read an Ayn Rand book and I don't own a gun but I uphold the libertarian ideals that we are all self-sovereign individuals. Perhaps we could voluntarily sublimate ourselves to a state or to a government that earned our fealty through adherence to underlying mechanisms of their power (like holding true to the US Constitution or the Canadian Charter of Rights), but show me a government that actually does that. Especially these days.

I think what people like Larner don't get about Libertarianism isn't that we claim to to put our interests above all else, that we're looking out for number one. Yes, we do that, but with that comes personal responsibility for our own lives. So not only do we claim unbridled freedom for our own persons, we accept the absolute responsibility that comes with it.

Many people don't like that, they can't handle it. Everything meaningful in their life has to be attributed to external factors: "I didn't get a raise because I'm black", "I didn't get hired because I'm white", "I don't have any money because you're rich", "The state owes me healthcare (because I'd rather spend my money on cigarettes, twinkies and soft drinks)". The list goes on and on. Give me a break.

Libertarians claim sole responsibility over their own lot in life and with that comes the freedom to do whatever they want. Are there any limits to this unbridled self-actualization? Can we be a society of hedonists, living full-on balls to the wall and to hell with everybody else? Well, that isn't what it's about. Conspicuously absent from Larner's rant is the Non-Aggression Principle, nothing short of the cornerstone of most Libertarian ideology.

The NAP basically says we can all do what we want provided we don't impede on the rights of others to do as they want. So, as I've always said: If you want to be a left-leaning, collectivist pinko, go for it. Don't expect, or try to force me, to come along.

Larner seems to go on to say that Capitalism is some evil death cult inflicted on the world by Ayn Rand:

Rand herself said that capitalism is the only economic system that is fully compatible with man's nature--but on the basis of what evidence? Did anyone ever challenge her on how she came to that conclusion, beyond her own personal conviction that it was so? What, after all, did she know of "man's nature"?

Again, he talks about capitalism and free markets like they're bad things. This is a tough one to tackle and one I've been grappling with awhile. The left, the Adbusters crew, and most activists decry capitalism as the root of all Evil.

This is a problem because in this day and age what passes for "capitalism" simply isn't, and yes, it causes havoc and misery throughout the world. The economic abuses being perpetrated by central bankers, oligarchs and governments are nothing short of crimes against humanity. The playing fields are deliberately kept uneven, laws are rewritten to exempt a few at the expense of future generations. It remains to be seen whether the damage done by Federal Reserve and the corruption of a sound monetary system will ever be undone.

The process has accelerated under the last few years of Neo-CON rule in North America and it has handed plenty ammunition to the left and to those who uphold the tyranny of the mob: Our "powers-that-be" have played dirty pool for generations. It has gotten much much worse since 9/11. After this "Project for a New American Century" runs it's course (if any of us are still left) the word "capitalism" will be tarnished beyond usability. The most disastrous political regime in history will swing us inexorably to the hard left for generations to come: in the future it will be illegal to be talented, wealthy, fortunate or to enjoy an advantage of any kind.

It is very difficult to explain to anti-capitalists why the things they hate about what they think is capitalism isn't actually capitalism and that real capitalists don't like it either. I always suggest the obscure but IMHO required reading of Vincent LoCascio's The Monetary Elite vs. Gold's Honest Discipline with a side order of Ferdinand Lips' Gold Wars: The Battle Against Sound Money As Seen from a Swiss Perspective.

Perhaps Larner's biggest misconception about Libertarianism seems to be his belief that we're all antisocial beserkers that deny the existence of society because he finds it necessary to plead the case for playing nice with one another

We are creatures with a long evolutionary history of social structure and social co-operation. This makes sense; we are predators without effective claws or teeth, and we can't run very fast. How did our ancient ancestors catch large elephant and buffalo? By working as a group, by co-operating and communicating. Social organization is our special adaptation, our evolutionary niche; indeed, it is now standard evolutionary theory that there are dynamic relationships between the development of intelligence, language and social organization - with the adaptive payoff being better social organization, the thing vital to survival. In fact there is nothing else that can satisfactorily explain such a stunning evolutionary adaptation as language; an adaptation that loses all meaning, by the way, if you deny that society exists.

Uh, ok. Libertarians hold themselves as self-sovereign. That doesn't mean they can't function in groups and it certainly doesn't mean we should all invent our own languages and talk to ourselves alone and pretend that there's nobody else here on the planet.

What is important to Libertarians are that social interactions are free from coercion. As the concept of mutual agreement is paramount to Libertarians, they are no strangers to compromise and negotiation (if that's Larner's worry, he should be looking at his own country's executive branch to find a frightening absence of those qualities).

The world could use a dose of the Non-Aggression Principal, especially here in the West where our governments spend a lot of time telling the rest of the world how they're supposed to live their lives and shitting all over other people's rights to self-determination; undertaking actions most of us disagree with and doing it in our names.

This is the reason Libertarians assert their own self-sovereignty, in word to say "My government's actions do not speak for me, I speak for me."

This is the reason why Ron Paul is getting so much grassroots support: He isn't a Republican as much as he's trying to bring a lost Republic back onto the rails it's Constitution describes. He says things that need to be said and cuts to the true underlying causes of our age's malaise, but as usual, nobody wants to hear it.

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Posted by Mark Jeftovic in Personal Liberty at 11:59
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Wednesday, November 28. 2007

YABR: Yet Another Blog Rebranding

I've changed my blog name again. I realized I really like the "private world" meme and plan to expand on it at length and that "privateworld.com" was just a way better domain name than "mark.jeftovic.net".

I also ditched the "Under the Radar" caption because I found out awhile back that there is another tech blog that calls itself that. So after some consideration I've gone with "Exile From the Herd" because it follows on some thinking I've been doing about the very rough division of all people into three groups:

The Herd If you're aware of it, you do not want to be in it. This is the vast majority of the population who live in a comatose dreamworld, delegate their thinking to others and will happily follow their next door neighbour or somebody they perceive to be "in charge" off the edge of a cliff if they think everybody else is doing it.

Predators These guys love the herd because they prey on them. For the most part it's like shooting fish in a barrel or clubbing baby seals to death. Amoral, easy and lucrative. Predators can be found in many guises: televangalists, snake-oil salesmen, cult leaders and all politicians are predators. If everybody got smart, these guys would all be hung from meathooks. An informed citizenry is the bane of the predator's existance.

Sovereign Individuals These are people who have separated themselves from the herd and have built up suitable defenses around themselves to be largely free from predation. Predators for the most part leave these guys alone and move onto easier pastures. Sovereign Individuals don't care who thinks they're in charge of what. All that matters is that they can run their own lives. For the most part, they write their own tickets and mind their own business.

I of course aspire to the third group. It is largely an ideal and can only be progressed toward but never truly attained.

In thinking on this I also came up with another one of my silly "socialist, conservative, libertarian" jokes because the three groups align very roughly along those definitions.

Question: What happens when a libertarian, a conservative and a socialist witness a fisherman overturning his boat on a lake?

Answer: The libertarian tries to help the guy. The conservative pontificates that the fisherman needs to take responsibility for his own life circumstances and the socialist argues that the fisherman suffers from an unfair disadvantage compared to people on shore and suggests we should all jump into the lake to make everybody even.

Anyway, this is more or less a test post, people subscribed via the old URL RSS feed should still see posts, and new subscribers should end up under the new URL.

Posted by Mark Jeftovic in Life, the Universe and Everything at 16:09

Tuesday, October 30. 2007

Are economic cycles that easy to predict?

I'm currently reading Joseph H Ellis' Ahead of the Curve - A Commonsense Guide To Forecasting Business and Economic Cycles. So far there are a couple of refreshing departures from conventional consensus, like his views on "recession".

The idea of an economic recession should be an objective measurement of reality, instead, in today's climate it simply isn't discussed in polite company. According to the politicians, it'll never happen.

Ellis argues that whether we are headed for recession is academic, because recessions are lagging indicators of a down cycle, not leading ones. By the time a recession hits, he says, a lot of the economic damage has already taken place.

What really matters, according to Ellis, are a series of leading economic indicators and a shift in the way we measure economic data....

In a nutshell: it all starts with consumer spending. Consumer spending drives business industrial output and services, which in turn drives capital expenditures which then drives jobs. Employment numbers then, are another lagging indicator. No need to panic if the numbers come out badly, he says, because it may really be indicating a trough in the cycle.

It seems simple, and common sensical. I'm looking forward to reading through but I find it hard to reconcile some of the underlying fundamentals from my doom-and-gloom bear mentality to normal run-of-the-mill business cycle thinking.

Ellis does acknowledge that there are some abnormal imbalances in the system now, like the large US deficits (and he wrote this book in 2004! They're much worse now), he considers them of secondary importance to the cycles, not prime movers.

The problems I see off the top of my head are these:

Interest rates have been artificially supressed - far below normal market rates for far too long. So consumer spending in the US has not been driven by rising wages and earnings these last number of years. They've been largely driven by unnaturally accelerated consumer borrowing.
Employment statistics aren't real - these figures just aren't accurate.

"Jobs created" aren't actually derived from counting real job creation, they are largely statistical constructs based on "hedonic adjustments".
People whose unemployment benefits run out are no longer counted as "unemployed".
No matter what happens, the number always comes out as 4.5% anyway. If Ford, GM, IBM and GE fired everybody in their workforce tomorrow, next month's number will be 4.5%

Inflation is not reported accurately - with oil over $90 a barrel and the US dollar at all time lows, pretty well everything costs more, much more to US consumers. Yet inflation figures are reported "ex-food and ex-energy". To make matters worse, in strict terms inflation describes an increase in the supply of money, but aggregate money supply M-3 reporting was getting too scary, so it was simply discontinued.

I'll be interested to see where Ellis goes with his reasoning that the abnormal imbalances are secondary factors that don't really perturb the consistancy of the overall cycle, and perhaps he is right, it may just be a matter of degree and intensity when the cycle turns.

But given that of late, most economic data reporting produced by the government is subject to farcical adjustments and revisions that make the numbers more politically acceptable so as to not be out of line with the government party line on reality. It may be hard to track any business cycle based on economic data. Add to this the relatively new phenomenon of derivatives and we may really be into uncharted territory.

Posted by Mark Jeftovic in Armchair Analysis at 20:49

The web 2.0 VC Roadmap, as blogged by Rick Segal

Just kidding Rick, I saw one of your posts the other day and couldn't resist For those unfamiliar, Rick pens one of the premier VC point-of-view blogs at Post Money Value

The CEO is way smarter than I am

The CEO has built a team of people way smarter than he is

The CEO has assembled an advisory board of incredibly smart people who just "get it". They're brilliant. Doc Searls, Rick Scoble, Seth Goodin, and Guy Kawasaki. Just to name a few.

The CEO works 16 hours a day, 7 days a week and is driven by total passion and intensity. He doesn't draw a salary and drives a 1983 Lada. He donated his founders shares to charity and his family hasn't seen him in nearly a year.

The first three funding rounds all took place at successively higher valuations.

The developers are amazing. You should see the mashups these guys are cranking out. They came up with a very neat facebook application that's going to be just killer!

The guy we brought in to replace the CEO made the company very attractive for subsequent funding rounds.

The revenue projections look very promising.

And then....

We sold the company for $400 million, a great exit. Congrats to all involved.

or

Microsoft buys a 0.25% stake for $200 million, valuing us at 800 billion dollars, not bad for a pre-revenue venture with oodles of mindshare.

Posted by Mark Jeftovic in Venture Crapital at 16:35

Wednesday, October 24. 2007

Screw that customer, I'm on lunch

Just a quick observation, I was just out running an errand and I was in a grocery store. As I was cashing out I heard a cashier behind me calling for a "carry out" for a customer. A few moments later, I heard it again. Then she called over to my cashier, "I'm having a hard time getting a carry out".

My cashier turned to a guy over a couple aisles and asked "Nick, can you do a carry out?" and he just shook his head, expressionless, "I'm on lunch" and started walking away, past the customer waiting for a carry out, past that cashier looking for somebody to do it. I here a yell from the back of the store "Tell Nick to do the carry out", and yell back "He's on lunch" to which I heard a retort from the back "How long have you been on lunch anyway?".

I actually don't fault the business itself for this absolutely disgraceful display of employee complacency. It's rampant almost everywhere (except, I am happy to report, in my company) and for the most part gets rewarded rather than penalized in today's business climate.

The customer seemed to accept it all in good humor. I wouldn't have. Being a dour crusty bastard I would have basically gotten my money back and left the store, leaving the goods in the checkout aisle.

But not only was this a slap in the face to the customer, it was an insulting act of disrespect to one's co-workers, and employer. Granted, it's probably some kind of union gig where being lazy, insensitive and devoid of initiative is not only tolerated but probably a requirement; it was yet another moment where I marvel at these blow-off levels of complacency and entitlement that saturates our culture.

I only lament this because I fear these easy breezy days of pink cloud economics are nearing an end.

Posted by Mark Jeftovic in How to lose customers at 15:44

Tuesday, October 23. 2007

easyDNS announces Guaranteed Lookup Privacy for easyWHOiS.com

In light of the recent ICANN advisory on domain lookup frontrunning we've made the guarantee that your domain lookups on easyWhois have and always will be, private.
What is domain lookup front running? It is when an unscrupulous operator between you and a domain lookup tool, such as a whois lookup website, perhaps even the site operators themselves, monitor your domain name searches and then go and grab some of the available domain names you search on before you get the chance to.
I never thought anybody would be so brazen, but silly me, I once again underestimated the widespread use of sleazeball tactics on the internet.
You can read the easyDNS press release on the subject and our new Guaranteed Lookup Privacy Policy at easyWhois.
We've also added SSL encryption to easyWHOiS to eliminate the possibility of queries being eavesdropped.

Posted by easyDNS: of Interest in via easyDNS blog at 15:45

Wednesday, October 17. 2007

Buy now, pay later, buy now, pay forever...

Back in my previous life as a failed musician, I wrote a song called Multi-Media World and the title of this post were the closing lyrics in the outro of that song. Around the same period of my life, I had zero financial literacy, was being hounded by debt collectors for my student loans and maxed out credit cards and had zero prospects.

I realize in retrospect, I had no business having credit cards back then. I also realize that most people have no business having a credit card today. Easy credit destroys lives. I was lucky, because 1) I was a middle class brat who had financially solvent parents to bail him out and 2) I was young enough to have the luxury of time on my side when it came to rebuilding my life from near bankruptcy, and most fortunate of all 3) the scenario I foresee in our collective near futures hadn't transpired yet.

Having hit the big "40" this year, I understand that I'm not exactly young anymore, and I know people who are twenty years older than me who are swamped in debt, maxed out on credit cards, living in serially refinanced homes driving leased vehicles have no savings and I can't for the life of me think how they're going to bounce back from that, let alone have a shot at retirement. "My advice?" when asked, "you better become wealthy, somehow, and soon".

Since there are no courses in financial literacy in our schools or colleges, encouraging young people to watch documentaries like Maxed Out before they get that first credit card is a must.

I've been planning a series of blog posts called Bleak Future where I pontificate on the downside of today's burgeoning debt crisis and impending economic collapse. It isn't pretty and I hope I'm wrong, but one of the things I do see which I will elaborate on in a future post is the emergence of a new underclass, especially in the US, living a brutal cut below the "working poor" whom we'll call "the indentured servant class". They will be comprised of people who have dug themselves into debt holes so deep, and given the recent changes to bankruptcy laws in the US, unable to ever get out from under it, they will succumb to a form of effective slavery, owing fealty to their creditors and servicing it with labour, forever.

I can see a reduced set of rights for anybody in it: perhaps they won't be able to vote or own assets until their debt is discharged. They may be the first to be conscripted into military service. Have less access to medical and legal aid. It will be easy to institutionally dehumanize this new underclass because, the conventional wisdom will admonish "they got themselves into it".

To make matters worse, if today's public educational systems are any indicators, they will provide no tools, skills or education to our young people on how to avoid this fate. It will be up to us, the parents to make sure our kids are financially literate enough not to fall for the smoke and mirrors "buy now lay later" mania which is at the very core of our public awareness today.

I hope we're up to the task.

Posted by Mark Jeftovic in Financial Literacy at 12:33

Wednesday, September 26. 2007

Screw you, you're just the customer, go to hell

It was one of the comedians off an old "Women of the Night" tape I used to have, after a particular zinger against an ex quipped "some of these I do just for me". Which probably applies to this entire category which I've just created: How to lose customers. I've had one of those mornings which leaves me simply astounded. How can half the businesses I have interacted with today survive let alone turn a profit?

In the macro objective Vulcan view of things, times must simply be too good right now. Too much easy money sloshing around the economy, people clamoring to buy things they don't need with money they don't have. A sense of entitlement prevails among many businesses, kind of like "Give me your money. Shut up. We're doing you a favor. Now get stuffed".

In today's case the overall winners:

Home Depot Yes, I mention them by name. Going to Home Depot for me ranks somewhere below having having a tooth filled. There are not enough staff on the floor and when you catch somebody they tell you That's not my department, shrug and move on. Today I had a guy tell me "I don't work here". He was sitting at a desk in the middle of the flooring department, feet up on the desk, talking on the phone. He sure looked like he worked there to me. When I snagged another passing clerk for assistance she pointed at that guy. "He claims he doesn't work here" I told her. "Can you find somebody who will admit to working in this f***ing department so I can buy some f***ing underpad from you?" (Ok, I didn't say it quite that way, but the way she reacted to me, you'd think I did). She walked over to the intercom and made an announcement "Staff to flooring, staff to flooring, customer waiting". This has happened to me before in Home Depot. It's a ploy, the paged staffer will never arrive, and the one who made the page slinks off immediately afterwards, washing their hands of the situation.
I get back home, late, from Home Depot, and I've missed the heating and air tech who was to come by and look at our non-functioning forced air unit. The unit is still non-functioning. But it has a new filter. He told the person who let him in (and who pointed out to him that the unit was still non-functional) "that's not what I'm here for, I'm just here for a service call".
Call FIDO because they keep calling to renew a cell phone in the company fleet that I already renewed over a month ago. Fido's voice mail hell SUCKS:

Welcome to fido, blah blah blah, you now have 3 options....
beep you now have 4 options...
beep you now have 8 options
"Oh F*** off!" I scream, audibly, and within earshot, my wife admonishes me, of our 18 month old daughter.

All of the above activity is an affront to the customers of any business. Clearly, there is no incentive to do better. Home Depot is enjoying a red hot housing market and all the associated benefits, and a company like Fido, even with wireless number portability a reality in Canada, finally, seems to think there simply isn't an upside to eliminating byzantine call menu labyrinth's from their customer experience.

I would like to remind all the complacent, smug, dosile businesses out there that things won't remain flush and easy forever. There is a global recession of cataclysmic proportions headed our way, and I guess it is during times like that when "everybody sits down to a banquet of consequences" as they say.

Every time I get shabby treatment from a business, I briefly ponder starting up a competitor and entering that space myself. After the anger subsides, my opportunity radar kicks in.

easyDNS was built largely in the wake of another monolithic company's incompetence. 20 million+ disgruntled customers who back then had no other choice. It was a monopoly industry that was suddenly opened up to competition, and then 20 million customers fled like bats out of hell. They were getting treated so badly, being subjected to such rotten service, they'd sign up with anybody who didn't spit on them and it would feel like they were getting the royal treatment. Nevermind actually being helpful, respectful and courteous to them - that reeled them in for life.

I have seen behaviour today that would never occur among my organization. While we don't have a lot of our strategies formally written in a manual or anything, I like to think that there is a prevailing common sense ingrained in the company. If a domain is down, for example, it is quite simply everybody's problem. Everybody in the company would know enough to take enough ownership of that problem that they aren't going to let it go until they've found somebody who can fix it and assigned it over.

You can bet that if one of our staff looks at a customer domain and finds another problem that has nothing to do with the original ticket, he or she isn't going to shrug and say "that's not in the trouble ticket" and move on. They're going to flag it.

There is no shrugging "that's not my department" at my company. There may be "I don't know how to answer that, but I'm going to find you somebody who can", and that is not the same thing as the aforementioned Home Depot mystery staff page.

We are on the cusp of a global transition from a seller's market to a buyer's market in pretty well everything. Smug, aloof businesses will either have to get real humble, real fast or they will simply be swept away into the economic dustbin of history where they belong. So it goes.

Posted by Mark Jeftovic in How to lose customers at 13:10

Tuesday, September 11. 2007

Don't forget to vote in the CIRA Board elections

I just finished voting in the Canadian Internet Registration Authority Board of Directors election. This year's election is the first under the new election process and reformed membership structure that was ushered in last year at the special member's meeting in Toronto.
I have mixed feelings about the new membership reform, having spent a good deal of my term on the Board working on it and finally seeing it get ratified by the membership shortly after the end of my stint. I found the re-authorization process of the membership confusing. If I found it confusing, having been in the belly of the beast so to speak, it must have been utterly unfathomable to a lot of casual .CA domain holders. I think 90% of .CA domain holders don't even really understand who CIRA is or why they consistantly get cryptic emails from them telling them to authorize this, confirm that, verify your id ("your papersss pleasss").Continue reading "Don't forget to vote in the CIRA Board elections"

Posted by easyDNS: of Interest in via easyDNS blog at 10:52

Tuesday, September 4. 2007

iPhone unlocked on the Fido network using Turbo Sim card

I bought a turbo Sim card on the aftermarket (at a pretty inflated price), from PDAPlaza, it arrived pretty quickly.

I was going to wait for a software unlock but I broke down before the weekend and grabbed a couple turbo SIMs.

There are a lot of docs out there on what to do, I thought I'd post a quick summary of what you need to do to get iphone unlocked on a Canadian network like Fido or Rogers (I guess the point is this works on pretty well any GSM network)

In a nutshell, here's what you need to do to unlock your iPhone with a Turbo Sim card:

Get an iphone. I had a friend ship up a couple from Chicago via Fedex a few weeks ago and have been using it as a wifi device, without the phone, until now.
Get a turbo sim card. They are manufactured by Bladox, out of the Czech Republic. But the bad news is, since it was discovered these work on iphones, demand skyrocketed and they are perpetually sold out. You may end up having to buy one on the aftermarket. Prices range from $100+ (check craigslist), I got mine from PDAPlaza.ca for $175. On Ebay prices are as high as $600+. It'll be interesting to see what the software unlock will do to these prices.
Make a note of your IMEI and your ICCID. If your phone has been hacktivated (this means you have activated your iphone without signing up with AT&T and can use everything except the phone), you will find it under Settings -> General -> About if you've already activated your phone, or by pressing the "i" icon on an unactivated phone.
Jailbreak and activate your phone, or activate and then jailbreak. The activation, like I said, gets you using the iphone features except the phone, jailbreak allows you to install other applications and mods on the phone (which you'll need to install the turbo sim stuff). I used this guide for the mac osx to activate and jailbreak with iActivate.
You need to then install ssh, I found two tutorials, this one worked for me, and this one does a good job of explaining how what you are doing to the phone actually works, although after I completed the latter tutorial, I couldn't ssh into my phone, but I could after following the first one. (it took me a couple go rounds at this, I started from scratch twice, by resetting my iphone to the factory defaults via itunes)
When the tutorial goes through the bit about compiling iPhuck, don't. I found a binary download somewhere for the mac, although I can't find the link at the moment. When I do I'll update this.
I didn't bother using cyberduck or fugi, I'd just scp stuff over from the mac shell.
Once you're done that, you're finally ready to install the turbo sim. There are two methods of doing so, "ISA" and "applesaft", this is the definitive guide for the applesaft method, I couldn't find a tutorial for the ISA method. The difference between the two is the ISA method ONLY requires that you have to cut your target sim card to attach the turbo sim, the applesaft method requires you cut both your target sim and the ATT sim which came with your iphone. The applesaft method basically is you put the turbo sim in with the original ATT sim, and install a turbo sim software bundle, then remove the sim combo, and attach the turbo sim to your intended sim card (in my case, my fido sim, with the corner cut out) and after a power cycle of the phone, away you go. The turbo sim came with a cardboard diagram of how to cut the sim which I used as a defacto template/pattern. Not really my forte (anything bordering on a hardware mod) but I muddled through.
Update: May as well activate the iPhone for the Edge with Fido, so when I'm not in a wifi hotspot I can at least access the internet over GPRS. Under Settings -> General -> Network -> Edge enter:

APN: internet.fido.ca
user: fido
pass: fido

So now I have a fully functional iphone on fido. I wonder what tomorrow's big announcement from Apple will be and whether they will address the groundswell of unlocking activity the iphone has generated.

Posted by Mark Jeftovic in Hacking tech at 23:40

Tuesday, August 21. 2007

easySPF: an ajax enabled SPF wizard

Creating Sender Policy Framework (SPF) data is a task that naturally lends itself to ajax. As you tweak the parameters of your policies, the spf record changes on the fly. This was a good opportunity for me to learn jquery and I was pretty impressed with how fast jquery enabled me to get a basic framework up and running.

What took me the longest was figuring out how to get the contents of my form processing via an external php script before being rendered into my inline , after awhile I gave up and asked one of my programmers. Turns out it's the load() event handler, but the jquery page doesn't really make it evident in the documentation that what I want to do is this:

```
$("#my_div_id").load("some_script.php", { myvar: myvar } );
```

Then I can access the myvar and anything else passed in the parameter list via the php $_REQUEST structure.

Anyhoo, the result is easySPF: an ajax enabled SPF wizard.

Posted by Mark Jeftovic in Hacking tech at 20:13

Thursday, August 16. 2007

easyURL enables bookmarking and tagging with openid

You probably didn't know we operated a URL shortening service at easyURL.net, which has some nice features like being able to create your own short label for a shortened URL and tracking of access stats.
After awhile I noticed that I was also using it as a pseudo-bookmarking mechanism, but of course it required that I actually remember the shortened URL. So we went ahead and added bookmarking and tagging to easyURL.net.
The bookmarking features are accessible via OpenID tokens because we're finding people are getting less and less interested in creating a new account on every site they use. For people without OpenID, you can always use a site like del.icio.us, for those with, use this.

Posted by easyDNS: of Interest in via easyDNS blog at 14:00

Wednesday, August 15. 2007

More on panic containment and let the good times roll

I watched with bemusement the talking heads on BNN this morning, as is my habit since CNBC has been swapped out for a movie channel on my digital cable feed (a better value, I find). They were describing how "normalcy" is returning to the European financial markets and how other sectors are positioning for a "decoupling" from the financial sector being dragged down by the subprime sludge and credit tightening.

So all is well again, all it took was about a half-trillion dollar Hail Mary from Central Banks the world over and we're all supposed to either go back to buying houses with nothing down, no income, no visible means of servicing the debt and an adjustable rate mortgage to boot. Either that or we buy packages of these mortgages bundled together of other people doing exactly that and we're supposed to call it "investing". In any case, the talking heads obliquely referred to this last week of cratering stock markets as a "buying opportunity" that hedge funds will surely position for.

You'll excuse me if I stay on the sidelines, and call me "unpatriotic" if I pick up the short side of any positions (as short sellers were called during that last pretend recession and baby bear market from 2000-2002). I'm used to being called an idiot for saying so, we're heading into the Real Deal now, a full-on secular bear market coupled with a skull crushing recession. Which sucks, I was hoping for a couple more years of "normalcy" to build up my war chest (I've always hoped for a few more years to build up the war chest, get rid of as much debt as possible, etc) but it looks like the clock is running down.

We are here. On the edges of, as one book I read years ago put it, a financial desert we must all cross, one that will last 10 to 12 years. Which really really...sucks. Larry Wallman, who puts out the fantastic Stocks2watch newsletter (which I only subscribe to so I can read his weekly macro overview "Sunday comments"), thinks for various reasons that we still have until after the Chinese olympics until everything seriously goes into meltdown mode. George Ure asked me to posit a drop in the DOW to 7,000 over the next 60 days, which is understandable, George always posits a 50%+ drop in the indices over the next 60 days

But I wanted to update my post yesterday about the Central Bank of Canada where I tallied the nearly 4 billion the bank injected into the markets to pacify/stabilize/mollify them between Aug 7 and Aug 10, I note they dropped another 670 million on monday and 350 million so far today. A billion here, a billion there, pretty soon we'll be talking serious money.

Today the Financial Times carried an article In a world of overconfidence, fear makes a welcome return which I think should be required reading for mortgage applicants, brokers and bankers, there's even a paragraph in it about me:

The fourth stage is over-trading, when markets depend on a fresh supply of "greater fools". The fifth stage is euphoria, when the ignorant hope to enjoy the wealth gained by those who came before them. The warnings of those who cry "bubble" are ridiculed...In the sixth stage comes insider profit-taking. Finally, comes revulsion.

I'm the guy crying "bubble", being ridiculed, especially in the domain aftermarket, where for some reason people seem to think that despite the fact that the domain name aftermarket is exhibiting textbook symptoms of a bubble-mania and that the massive overpricing of even marginal quality names in the aftermarket has nothing to do with the excess liquidity induced by loose credit sloshing the world over looking for "aggressive returns".

So it goes. As Larry Wallman said in last week's Sunday Comments:

"As housing was going up and up and up, we suggested we were in a bubble and that it would end badly
Somehow the idea of lending money to people with no visible way to pay it back seemed like a bad business transaction to us. How dare we suggest such a thing? It was obvious that we had absolutely "no idea" to coin a Cramer phrase. We were economic idiots of the highest order. "

And if you watch the talking heads today, we still are idiots. Idiots who may have made a pile on the short side over the last week but idiots all the same.

The only thing I'm treating as a buying opportunity in this climate is gold, which is one nice thing about BNN, being Canadian they aren't as hostile to gold as Cramer and Kudlow are (yeah Kudlow, I remember your "SHORT GOLD GO LONG USD" rant from a few years ago, you were yelling it into the camera...that was over $300/oz and a few hundred pips in the other direction). The guy on BNN reported a Newmont executive saying "I see three zeros after the price of gold in a couple years, I just don't know what the number on the left hand side will be".

Still crazy? Guess we will all find out sooner or later.

Posted by Mark Jeftovic in Venture Crapital at 12:17

Tuesday, August 14. 2007

Canadian PPT hard at work

Background: the sky is not falling. Subprime woes will be confined to the subprime market, the contagion will not spread to other financial sectors. In fact, this is a non issue, there is even this video of Jim Cramer telling you as much last month, so it must be true.

Oh, then what happened?

Bear Stearns didn't get the memo. Weasels went and tried to sell off their subprime sludge /CDO's on an open auction market and found their paper wasn't worth the numbers printed on the paper! Oh my. The president get's fired for his troubles, two of their hedge funds seize up and then the same thing goes and happens in France.

Suddenly...everybody is going ballistic, Cramer has his own meltdown on CNBC and the Plunge Protection Teams the world over SPRING into action, pumping over 330 billion dollars into the markets under the guise of "stability facilitating operations". And after tall that, the markets barely broke even, today they're down again.

There is a headline on Reuters that the Bank of Canada is declining to comment on their stability operations (see: Bank of Canada mum on commercial paper troubles), so I called them up.

A very nice lady directed me to Bank of Canada monetary policy operations page which updates in realtime. She told me this page describes the BoC operations over a 5-day window and to find those emergency injections of "liquidity" to keep a lid on a full-on market meltdown, to look at the section labelled Daily Target Rate Intervention and the first line, SPRA (par value) is the amount of overnight repos that our central bank used to intervene in the markets during this subprime debacle:

DateAmount
Aug 7/07410 million
Aug 9/071.64 billion
Aug 10/071.68 billion
= 3.73 billion

So yes, it appears as once again the central bankers and teevee pundits have "called it" with sagacity and prescience worthy of an oracle, drink the koolaid and repeat after me: subprime woes are contained, subprime woes are contained, all is well, all is well.

In spite of the fact that my long term PUTs on the DIAmonds moved well into the money through all this, I was disappointed that Canada's central bankers played right along with this madness.

We live in dark times, where monetary policy is set by a gaggle of Central Bankers who are card carrying members of that Death Cult known as Keynesian Economists, against which a tiny band of jedi knights known as Currency School Economists chirp from the fringes of irrelevance "this will end badly, this will end badly". Surprise, now we're soaking in it. This is just the beginning.

Once again I must point people toward The Monetary Elite vs. Gold's Honest Discipline by Vincent LoCascio, and this excerpt may have been tailor made for this financial storm:

"[P]eople fail to consider that federal guarantees make bank failures more likely by artificially encouraging people to choose the highest interest rates available, which in turn causes bankers to seek riskier, higher-yielding loans and investments".

I have a new mantra, I doubt it will take hold, everybody now "bailouts are bad", the hucksters of pseudo financial instruments like collaterized debt obligations denominated in deadbeats have gotten more than enough rope to hang themselves...let them hang.

Posted by Mark Jeftovic in Venture Crapital at 11:38

Thursday, July 12. 2007

Another day, another singularity

I've been pondering a post for sometime about the pure implausibility of capital-C Conspiracies. The one's where everything under the sun is orchestrated and executed by a behind-the-scenes power block "at the top" THAT CONTROLS EVERYTHING.

Bear in mind that everything is relative: One man's knitting circle is another's shadowy cabal.

Whether it was Alfred Pike meticulously planning three world wars over two hundred years ago, William Guy Carr's Luciferian-Communist conspiracy which engineered every siginificant event of the 20-th century, or even David Icke's "we really do live in a Matrix controlled by lizards" fantasy, there was an obvious impossibility to it that I was having a hard time articulating.
Then I saw a reference on Boing Boing to fiction themed around a "post-singularity" of some sort from authors like Verner Vinge (Not being a huge SF fan, I've only read his True Names anthology) and after doing a little reading on what the technological singularity is supposed to be, it finally occurred to me:

Various types of "singularities" have already occurred throughout history, and they make Capital-C "Conspiracies" impossible. Sure, various people will try to control the world, but it can't be done. Nobody is doing it. Nobody has ever done it. The world is by it's nature, uncontrollable. We live in an out-of-control world.

The one line descriptor of a singularity, courtesy of Wikipedia is:

"a theoretical point in the development of a scientific civilization at which technological progress accelerates into infinity or beyond prediction"

The fallout of this can be described appropriately in the following two passages:

1) It is a point where our old models must be discarded and a new reality rules.
(Verner Vinge)

and

2) In futures studies, a technological singularity represents a hypothetical "event horizon" in the predictability of human technological development. Past this event horizon, following the creation of strong artificial intelligence or the amplification of human intelligence, existing models of the future cease to give reliable or accurate answers.
[...]
as one approaches the Singularity, models of the future become less reliable, just as conventional models of physics break down as one approaches a gravitational singularity.

Both courtesy of The Singularity is Nonsense

There are entire movements both pro and con debating whether an approaching technological singularity, or rather The Approaching Technological Singularity is a Good Thing(tm) or a Bad Thing(tm). The argument revolves around AI (artificial intelligence), and
the theory/fetish/dread of a moment when it emerges and begins a self-iterating feedback loop, supplanting human intelligence in a few measly billion cycles.

Personally, I think if you distill a singularity down to it's basic feature, it is a buildup and escalation of events to a point after which nothing is ever the same, and beyond which prior conventional wisdom breaks down. Perhaps we are really talking about seminal moments and their unexpected consequences after they play out over time, especially if they feedback on themselves. Technologies that become so ubiquitous nobody can imagine, life before it emerged. (i.e. "How did people survive without radio, telephones, television, fax machines, email, ipods?")

If we look at singularities this way, then as the old detergent commercial used to remark: "You're soaking in it". Singularities are another word for history. Or maybe a subset of history called revolutions.

H.R Clements called the discovery of "perspective" as the context shift which touched off the Renaissance and spelled the end of feudalism and the Church as the central power structure of the day. They weren't too happy about it, (hence the Inquisition) but by the time they realized there was something to be unhappy about, it was already too late. The singularity had already happened and the writing was on the wall.

So if there were any wide ranging conspiracies to control all facets of mankind's existence, even if they were enjoying a degree of success at the time, they were turned on their ear by the discovery of perspective, and the accompanying context shift. The Matrix of the day was upended by it. Any plans the shadowy cabal had for the future of mankind had become meaningless, and in retrospect, almost comical. Best laid plans, and all that.

Future historians may reflect that today's War on Terror is the modern parallel to the Inquisition. Breathy tech evengelists may gush "yes! the internet is the singularity which spells the end of the nation state!", but they're wrong. It was the invention of the Corporation, hundreds of years ago, which started that snowball rolling.

That creation out of thin air, of a separate legal person, created a logic of it's own, and once capital formation and investment began their long iterative feedback loops into the future, the days of the nation states became numbered. It was only a matter of time before Corporate entities emerged with GDPs larger than countries. Analgous to the fictional Aspen Research Corporation in Brian Fawcett's 1990 Public Eye: An Investigation in to the Disappearance of the World - after awhile a logic of its own asserted itself into the affairs of men and of nation states. The corporate twin imperatives increase profits and minimize taxation spun out a multitude of strategems and tactics which iterated over the fiscal years, and if successful, compounded. Placed into the primordial soup of an ostensibly free market the feedback loops reinforced themselves (and each other) and it's making national sovereignty as obsolete as fealty.

What all this means is that it is inherently impossible to project any kind of control structure forward indefinitely. Sooner or later something comes along that makes it impossible to keep a plan on the rails. There may well be Freemasons, Illuminati, Bilderbergers, Trilateralists, little grey aliens and reptillian overlords running around trying to control things. But they don't have the ability to assert control over the next paradigm's control structures because nobody knows what they're going to be until it's already happened.

A new conspiracy could be initiated when these bifurcation points occur, but they won't be Capital-C Conspiracies, they'll just be little baby small-c conspiracies. Small-c conspirators compete in an open market like anything else. Whether it be P2, PNAC, Triads, Al-Queda, biker gangs or the Flat Earth Society: these small-c conspirators may become powerful, for a time. But none of them will ever achieve Total World Domination.

Because singularities happen.

The emergence of perspective in European art created a context shift which made feudalism unworkable, gave rise to a merchant class and ended the hegemony of the church.

The advent of an organizational singularity: the corporation eventually made it impossible for nation states to "make reliable or accurate assessments about the future" (which is why I always chuckle when I see straight faced congressional testimony about how best to "manage" things like the macro economy).

Not to leave the breathy tech evangelists flat from my earlier remark, an informational singularity did occur on the internet. With the advent of dynamically created web pages, cross site API's, XML, SOAP et al, the number of web pages in existance has at some point become essentially infinite, and I couldn't tell you what the other end of that looks like, it's still pretty new and I'm no futurist - I'm just along for the ride.

But at the end of the day, if a tree falls in the forest, or a plane crashes, or you got passed over for that promotion at work, it isn't because some all-seeing, all-powerful cabal has ordained it.

If these entities truly did exist and truly "ran the world", we would have never seen things like the free enterprise, capitalism, freedom of speech, property rights, private savings or the internet. The hegemons would simply run a well-oiled command economy, leaving nobody any illusions about their ostensible freedoms. There would also be no conflicts, anywhere.

Conflict means disagreement and as long as they occur, it means nobody is really truly "king of the world". Fortunately.

It appears as though we're faced with another one of those paradoxical tradeoffs which define the human condition. I've read that the ultimate price of sexual reproduction was death, (as opposed to those asexual reproducers which spawn perfect copies of themselves and have a type of de facto immortality as a result), the presence of worldwide freedom brings with it out-of-control conflict everywhere you look.

The old maxim is true, don't ascribe to conspiracy what can be explained by stupidity.

Posted by Mark Jeftovic in Life, the Universe and Everything at 14:23

Tuesday, July 3. 2007

Wave of private equity IPOs the final stage of distribution?

First Blackstone went public, not to be outdone, the Carlyle Group decided to follow suit, and now KKR is jumping on the band wagon.

If the first part of '07 could be characterized by an orgy of private equity deals (subprime woes aside), and it looks like the back half of the year will be all about private equity IPOs (does that make them public equity funds?)

On the surface this looks like a fantastic buying opportunity! Now joe-six-pack can play in the big league, being co-owners with the high rolling Bush clan and Bin Laden's brothers (who are or were investors in the Carlyle Group) and if you jumped on that Blackstone IPO, don't fret that your shares are trading below issue price, you're the proud new owner of Hilton Hotels (and the 7 billion in debt that comes with it)

Now that the subprime meltdown has officially killed the housing bubble, it appears as though a wave of private equity IPOs may be the last house on the block of a global "investment" mania floating atop a veritable deluge of excess liquidity.

Fissures are already appearing in this private equity wave. As I already mentioned, Blackstone is already trading below issue price, Carlyle had to tone down their IPO prospectus, citing "market headwinds".

The paranoiac in me reads some of the fine print and begins to get a different take on this. When you consider that Carlyle's to-be-public fund Carlyle Capital, "will mainly invest in AAA-rated residential mortgage-backed securities, but also in loans, junk bonds and collateralized debt obligations." and that not even a week ago Bear Stearn failed in their efforts to unwind two of their hedge funds' portfolios of subprime sludge in an asset auction, a different picture emerges. One in which private equity funds are spinning off publicly traded funds to create a market for otherwise unmovable CDOs and other high risk debt.

This new private equity bubble could play some pernicious roles including

inflating yet another asset bubble to keep the equities party going
create a market to unwind the subprime sludge and the rapidly deteriorating repackaged CDOs
allow Wall Street insiders possibly their last chance to get their money off the table and their paper into the hands of the lumpeninvestor and joe-six-packs

The ratio of insider selling to buying has been north of 30-to-1 for years, and for some reason this smells like a blow-off distribution near the end of a crack-up boom. At the end of it, the average investor in the street will have been enticed into funds holding otherwise unmarketable debt and complex derivatives, who else to end up holding the bag?

Posted by Mark Jeftovic in Venture Crapital at 23:17

Friday, June 29. 2007

My Domainer's Magazine is in

I was just wondering about this last week, "didn't I subscribe to some domainer magazine, sight unseen a while back?"

Yes I did, and my first issue of Domainers' Magazine arrived this week. It looks quite professionally done. Looking forward to checking it out, I'll bring it home with me going into the long weekend (Happy Canada Day hosers and an early Happy 4th of July to our southern neighbours eh)

Posted by Mark Jeftovic in Living off the net at 11:28

Monday, June 25. 2007

The Low Returns Of High Volume / High Expectations / Thin Margin Customers

There is an old expression among geeks and hackers: "fast, good, cheap: pick any two" and anybody who is a client of my company knows which two we strive for. So it has always amused me when I see any of the following:

companies who pick ONE of the three: cheap, and think that's enough
customers who think three of three is a realistic thing to ask for
companies who claim to be all three

Over the lifespan of easyDNS, people have admonished me, some politely, some adamantly, that I was "playing it all wrong". I remember a chance meeting with an old friend in the KOS Diner on Toronto's College Street back in 2000: "You've only got one chance, one chance at all to make this work: YOU MUST position yourself to be bought out by Network Solutions, like do what you're doing for free and just get a whole bunch of customers, fast"

I remember some of the calls I took when I was still answering the front line support phones that went something like this:

Other guy: "You guys should be giving DNS away for free"

Me: "Why on earth would we do that?"

Them: "So you can get really big, really fast"

Me: "We're doing just fine as it is now, thanks"

Them: "But XYZ (el cheapo) Corp. does DNS for free!"

Me: "So how come you aren't using them then?"

Them: "Well, they're down all the time. They never answer emails, it's impossible to get anybody on the phone there"

Every time I thought by taking the customer through it like this, the lightbulb would click and they'd realize what was going on here. For the most part, that's what's happened, our customer base "get's it". The number of times over the years I've seen posts in forum threads discusing DNS hosting that said, in effect:

"easyDNS is not the cheapest game in town. I have a lot of my domains with XYZ (el cheapo) Corp. but I have the 5 or 10 domains that are critical to my operations with easyDNS"

And I'm fine with that, aside from the fact I personally lie awake at night wondering what else we can be doing to protect those 5 or 10 domains entrusted to us and I'm not sure the people who run that XYZ (el cheapo) Corp. are losing any sleep about the 50 or 100 freebies over there.

This morning we got an obvious form inquiry from a somebody (who I will not refer to as a potential customer because I can guarantee you, they will not go with us) who is considering migrating away from another registrar I won't name but you've almost certainly heard of them.

They have 6,000 domains and currently get them for $6.88/year and in order for them to come over, they'd want us to "easily beat that number or its not worth it".

For those unfamiliar with the background economics of the domain registrar business, all domain registrars pay the same amount for .com, .net, .org domains (and those amounts are also all going up this year), for sake of brevity, that amount is roughly $6. The rest of his email outlines other requirements he had for moving over (100% DNS uptime wasn't among them, oddly).

So a back of the napkin calculation: Let's say to get this business we'd have to drop to $6.50, it means by picking up 6,000 additional domains into our DNS cluster and everything else that entails, we'd be making a gross profit of $3,000 year. This is about the same amount we will make when we pick up the next 100 new domains at our basic DNS + Domain Registration or Transfer @ $35/year.

Now we can and do come down in price for volume deals, but we will never do that rock-bottom price war thing. It just doesn't make any sense to us. This must be a trick question: what is the easier way to make a million dollars? The razor thin margin players want to salami shave a penny off of 100 million customers and this seems to make the most sense to a lot of internet companies. I'd rather provide value and benefits substantially in excess of, say $100 then get 10,000 customers to pay $100 for it.

So as a result of this strategy we've got fatter margins, lower volumes and fewer customers. No superbowl ads. But if you called us, like right now (1-888-677-4741) during normal business hours, I can virtually guarantee you that a live body is going to pick up the phone on the first or second ring, and that person is going to be clueful, and he's going to be able to help you without trying to sell you add-ons because he's paid to do a job and upselling you to stuff you don't want or need isn't it.

The problem with playing the razor thin margin game and competing on price is that there is always somebody cheaper. If your primary benefit to your customer is that you're the cheapest, your going to have a dizzying churn rate. They guy who brings over 6,000 domains at 6.50 today will be gone in a year when some other hapless outfit agrees to do it for 6.45. And with those margins, you don't have the cashflow to spend on the high end infrastructure like Tier 1 datacenters or high end DOS proofing.

After I published this entry yesterday I thought about it a bit, considered the possibility that it was a piece self-serving tripe and pulled it back into draft shortly afterwards. Then today a customer sent us the following email, quoted here verbatim and I'll close with it and republish this entry:

I recently did a domain name transfer of 10 domains away from easyDNS to take advantage of a bulk price offer at another registrar. During my time with that registrar, I have discovered that their service offering is sub-standard.

The URL forwarding does not function as well as easyDNS, the ability to create multiple records has limitations, they do not have high-availability of their service, and their technical support is lacking. I have experienced numerous down times on my web sites, and cannot continue to function with them. So, I would like to transfer all of my domains back to easyDNS.

Also, I would like to write a letter of recommendation/customer satisfaction
for easyDNS to identify the benefits of your service and the pitfalls of
moving to discount registrars.

I look forward to once again taking part in your value added services.

I replied that I think he just had written his letter of recommendation and after securing his permission to do so, I've quoted him here.

What we're talking about applies everywhere. Today I went over to look at a self-storage locker facility and the extremely helpful and courteous employee told me, in effect:

When I tell people our pricing I often hear that it's a little on the high side, but the truth is you get what you pay for. Everybody wants a storage facility to be clean, safe and protected from the elements, but you can't do that and still offer it at a bargain basement price.

Indeed, where do I sign up?

Posted by Mark Jeftovic in Taking care of business at 16:16

Thursday, June 21. 2007

Anti-Domain Parking "Petition" an anti-free market nightmare

I think much of my initial reaction to the petition to "Stop Domain Name Parking and Cybersquatting" has already been said in my Attack of the TechnoPinkos post of a couple weeks ago. This is a typical example of leftist angst stemming from the fact that people actually earn a living and gasp generate profits from monetizing domain names.

As somebody in the domain industry (we aren't a big domain parking player and as a registrar we have exactly 0% of the domainer market, and most people know how I feel about the aftermarket and how overheated it is), there are a few issues with this "petition" that I feel duty bound to point out.

Domain Parking is not the same thing as Cybersquatting. Anybody who equates the two removes any doubt to their utter cluelessness about the entire domain industry. Cybersquatting involves registering a domain that is somebody else's trademark
Domain parking is a legitimate use for a domain. If you advocate rules or laws against domain parking then you are making rules for how other people can or can not use their domains. You are regulating content, which is indeed, one slippery slope.

Trying to outlaw domain parking and cybersquatting in the same petition is like trying to outlaw toxic waste and MacDonald's Happy Meals at the same time.
The petition calls for ICANN to "ensure that a domain names that are parked would be available for sale at a price tag that would not be considered extortion". This advocates price fixing and completely revokes domain registrants rights to their own domains. The request is outlandish. Check out wealth.net. Egad! It's parked. So I'm to understand if one of these pinkos thought they had a legitimate "claim" to this domain, under their rules ICANN would force me to sell it to them at a "reasonable" price because they don't think I'm using it? I paid an enormous sum for that name in the aftermarket. It's mine, it's parked, get over it, screw you.
Somebody else parking a domain doesn't prevent anybody from doing anything. Yes, domain names in themselves can be built into powerful brands, and many of them earn substantial income from type-in traffic and PPC, but at the end of the day, the map is not the territory. Owning a generic keyword domain doesn't bar the rest of the world concerned with that keyword from carrying on about their business. I own ravingpinkos.com, I just snagged it moments ago and now I'm monetizing it via parked.com. That doesn't prevent any of the saps who signed this petition from starting their own raving pinko website, circulate their raving pinko petitions, and try to build their raving pinko utopia. They just can't call it ravingpinkos.com.
The text of the "petition" was changed mid-stream. One of the reasons I keep using the word "petition" in quotes. After one very shrewd and well said comment on the message boards (written by Johnny B) about this initiative, they subsequently posted that they changed the text of the petition (!). Which means that the people who signed their names before the edit then had what they were petitioning arbitrarily changed.

Having said all this, anybody who knows the difference between Twisted Sister and twisted pair can tell you this "petition" is a joke.

Posted by Mark Jeftovic in Nutjob Watch at 21:04

Wednesday, June 13. 2007

Help Kill Politics in Canada

I think the most underappreciated quip about politics comes from that seminal work The Sovereign Individual by Davidson & Rees-Mogg where they observe that:

"Too little attention has been paid to the fact that electoral politics lures disordered, messianic personalities into positions of power."

I endeavour to bring as much attention to that fact whenever possible, the point still seems lost on the majority of the populace. Aliester Crowley once posited that what separates man from animal is "the desire to be important", politics is the arena of choice for those too talentless to take a stab at celebrity.

Canada's political system is as homogenous and as removed from the actual will of the people as is our cousin's to the south. Every few years we get to choose between Tweedledee-Dee and Tweedledee-Dum, nobody asks us anything terribly important. Should we be sticking our noses in Afghanistan's business? Is it time to get rid of that income tax that was introduced as a temporary measure until we win World War I? Should be seeking Deep Integration with the US?

None of that really gets put to the voters. Instead we're given the choice between one brand of homogenized sludge or another, more of the same. Tax and spend, redistribute other people's property. Stick our noses in other countries affairs.

There are no viable alternatives in Canada. The Liberal party is just the Conservatives minus the neo-con ideology, and the NDP's are a pack of raving pinkos. The Green party is an emerging alternative that will eventually brush aside the NDPs on the left, the only alternative for the protest vote, for an end of politics-as-usual, the only party that stands for something that isn't positively brain dead in this country is the Libertarian Party.

In a nutshell Libertarians believe that everybody should be free to pursue their own interests provided their activities do not infringe on anbody else's rights to same. Pretty simple, pretty sensible. Why we are not living this way in a supposedly progressive western society is utterly beyond me. Libertarians believe for the most part, that if there should be any government at all, it should be a minimal one in place to protect the property rights of it's citizenry and the sovereignty of the country from external aggressors. The Wikipedia page on Libertarianism is a good primer/digest on the subject.

The Canadian Libertarian Party is now fighting for its life. Every three years political parties need to get 250 signatures filed to retain their political party status and the Libertarian Party is about 100 signatures away and has until the end of the month to do it.

It seems silly that they're having a hard time coming up with 250 people who don't see the Libertarian "live-and-let-live" values as the essential core message of progressive Western society from the Renaissance onwards.

I am not a big "joiner" of groups. Crowds bother me, herd mentalities make me sick and lemmings are just lemmings. But it is important for there to exist in Canada a political party who puts fiscal responsibility back into Convervatism, and the personal liberty back into Liberalism and calls the entitlement programs and redistribution of wealth of the Left for what is, which is essentially coercion and theft.

For that reason, and it is with a somewhat heavy heart and a sigh...I am joining the Libertarian Party of Canada and filing my papers as an official member, and I urge all like minded Canadians reading this to do the same by the end of June.

Do it today, and for once in your political life your endorsement will be important, it will make a difference and your actions will actually count for something other than as a rubber stamp for the same old same old bullshit politicians.

» DO IT NOW «

Posted by Mark Jeftovic in AntiPolitics at 13:11

Monday, June 11. 2007

2012 Logo spells ZOIZ! Proof of a reptillian / grey alien conspiracy

It is with ever increasing bemusment I scan nutjob havens like GodlikeProductions and RumorMillNews and find the tempo of the hysteria has been palpably building lately (possibly because of the impending destruction of Earth by Planet X within the next 6 months)

When everything is a conspiracy and the shadowy cabal at the top controls all history, it comes as no surprise that the new London Olympic Games logo:

Spell's "ZION" to the gaggle of nuts in the tinfoil hats. All you have to do is "some slight rearrangement of symbols on the 2012 logo it spells out ZION!" (which is a real quote). I love that phrase "slight rearrangement". These BigConspiracy nutjobs have no problems shoehorning anything into a worldview where a bear can't crap in the woods unless a reptillian overlord in the shadows has planned it out.

Some slight rearrangement of the symbols also gets you ZZ Top, and if you don't move anything I think if it spells anything it's either ZOIN or ZOIZ or maybe ZIOZ. I think Jon Stewart nailed it when he said "it looks like a slot machine going down on an ATM".

Posted by Mark Jeftovic in Nutjob Watch at 12:19

Tuesday, June 5. 2007

Time to jump off the parabola

As readers of this blog know, I typically stay away from "hot" investment sectors because I'm antisocial and dislike crowds. Over the last few days I have seen what can only be called red flashing warning lights from a few different places like The Privateer ("Warning lights flashing worldwide"), Larry Wallman's "Sunday Comments" ("We are someplace in the "mania" segment of the bull run." and George Ure's Urban Survival.

I have yet to read Marc Faber's May GloomBoomDoom but then again, he already said this last month. So imagine to my surprise when my memory jogs and I realize: I've been socking somewhere around 40% of my company RRSP contributions into emerging markets for over 5 years! Those same markets Bucker is calling "parabolic" and in the "blow-off" phase and with China taking near-weekly 8% dumps in the stock market. Oh my!

I nearly forgot about these holdings because I simply did a "set and forget" about 6 years ago, when I setup my corporate RRSP contribs go into 1) Emerging markets 2) Japan (don't laugh), 3) income producing real estate funds and 4) natural resources. I managed to average about a 20% annual return with that formula but I don't think his mix can continue that pace.

As such I've redeemed my emerging markets into cash (money markets) and lowered my contributions into Japanese equities. I've added an income fund and allotted more into money markets.

In short, as far as this particular RRSP goes, I've bailed on emerging markets, stuck it out with Japan (hey, they're due) and gone "above weight" in cash. Which bankers hate, but hey, when everything is overvalued what the hell else am I going to do with it? Buy domain names on the aftermarket?

Remember, this is not investment advice, remove cellophane before eating, etc.

Posted by Mark Jeftovic in This is not investment advice at 14:29

Monday, June 4. 2007

Migrating your feed subscribers to Feedburner

I spent a few hours friday working on a blog widget that would parse the number of subscribers out of the HTTP_USER_AGENT strings of the various feedreaders so I could easily see the aggregate number of subscribers I have. It only took me a few hours to realize that what I was trying to do, wasn't gonna work.

My plan to use remote javascript may have worked fine for human readers to the main index, a la MyBlogLog (which I use), but of course, duh, the feedreaders won't load the main index and they likely won't interpolate the javascript. I doubted an iframe would work either.
So my idea for a widget wasn't going to fly, I realized the only way to do this was to actually run the entire feed URL through the counter system, the way FeedBurner does it. It was only a coincidence that this happened on the same day Google bought FeedBurner for 100 Million.

So the blog widget is a non-starter, I still want to easily know my aggregate subscribers but now I don't want to start counting from zero, I want to be able to factor in my existing readers.

My existing readers subscribe to my feed via http://mark.jeftovic.net/feeds/index.rss2, which is the same URL feedburner will use to load the feed. So simply redirecting my existing feed URL to my new Feedburner feed would create an infinite loop when FeedBurner tries to load the old feed.

We need to always redirect the old feed URL to the new feed URL except when the remote client is Feedburner.

My blog platform is serendipity, and it implements all the RSS and XML urls by a URL rewrite to rss.php, so at the very top of that file, we just add this:

```
if(!eregi("^FeedBurner",$_SERVER['HTTP_USER_AGENT'])) {
	Header("Location: http://feeds.feedburner.com/jeftovic/JVMu");
	exit;
}
```

This should allow Feedburner to load the RSS from the blog, and redirect all the other feedreaders to Feedburner. Hopefully I haven't overlooked anything. This is somewhat of a test post and if all goes well, it should show up in my Bloglines reader transparently.

To migrate to FeedBurner from other blog platforms including Wordpress and Drupal, there is this thread on the FeedBurner forums.

Posted by Mark Jeftovic in Hacking tech at 22:33

Thursday, May 31. 2007

How to use your domain name with blogger

Title says it all, easyDNS member Many Ayromlou wrote a clear step-by-step mini-howto today explaining the procedure to get your domain name registered through us working with your blogger.com blog:http://www.nerdlogger.com/2007/05/how-to-use-custom-dns-name-with-blogger.html
My only comment is Step 6 shouldn't be a few hours' wait, not unless you've already typed your domain name into your browser before you do this and now your local ISP's nameservers have cached your old IP.
But thanks to Many, I'm sure a lot of bloggers interested on using their own domain name with blogger.com will reference this.

Posted by easyDNS: Tips and Tricks in via easyDNS blog at 20:52

Wednesday, May 23. 2007

Attack of the TechnoPinkos

I have been toying with an adage in mind for a few months, I think I may have invented it. It's one of those "there are three kinds of people" type quips, goes something like this:

There are three types of people, libertarians, conservatives and socialists.

Libertarians think they know how to live their own lives.
Conservatives think they know how to run everybody else's lives.
Socialists think they know how we all should live.

This morning I was forwarded a link to the Business2.0 article on domainer Kevin Ham about a half-dozen times and one sent the reddit comment thread on it (titled "This guy is a piece of s**t") and I had to chuckle and replied "I see Techno-Pinkos are out in full force".

Some of the comments are just classicly clueless:
"He's just a parasite. Someone gaming the system for their own financial ends without providing a useful service to anyone, and making it worse for many."

and

"If you donÂ´t see anything wrong in the concept of "speculator", I donÂ´t think I can possibly explain it to you. ItÂ´s wrong and hurtful for so many people that it should be obvious to anyone."

Newsflash: Speculation is any time you choose one path, good or service over another in the hopes that you will do better with it over time than you will the alternatives. Deciding to go to college and becoming an accountant instead of dropping out of high school and becoming a garbageman is speculating that over time, you will have a more secure, financially rewarding career as an accountant than as a garbageman (which may not be true)

The techno-pinkos hate it when they see the speculation of others pay off and compound their irrationality by denying that they ever partake in speculation themselves. Pretty well most productive endevours in life, including ALL investments are a form of speculation, get it over it.

Readers of my blog, especially the domainers may be surprised to find out I have no problems with Kevin Ham's deal with the Cameroon government to wildcard .CM, and in a wider sense, no problem with domainers buying up thousands of domain names. Yes, I believe the aftermarket valuations are overheated. No, I do not believe "there ought to be a law or something" that forces domain registrants to use their own names in a manner that the technopinkos hanging out on the reddit, digg and /. comment boards find suitable.

Bringing my 3-types of people into the analogy, here is how they think things should be "run" in the naming space:

Conservatives want to see government regulation on content and to see other websites they don't like banned. They completely miss the point when it comes to reform (like the misguided FOISA bill which did nothing to protect the personal data of domain registrants and penalized them for taking measures to protect their own privacy)

Socialists as a rule of thumb, don't get rich on the internet or anywhere else, (unless they are socialist politicians) because to them, profits are evil. As such, they hate it when they see somebody else earning a profit or god forbid, getting rich. They think prosperity and wealth creation is a zero sum game and anybody who isn't living paycheck to paycheck is a capitalist pig grabbing more than his "fair share". They eschew marketing in all its forms as "spam", they often won't even mention a product or service they use by name because they think that's "spammy" (see the Digg comments on Domainwarning, below). They lead strange lives of constant outrage, holding jobs, earning salaries from companies who market themselves in ways they would probably consider "spammy".

Libertarians think socialists and conservatives spend so much time and effort on other people's business they don't have any energy left to take responsibility for their own lives. And that's where libertarians start. This is more than "looking out for number 1", this is chalking up your lot in life to yourself, not blaming others for your own shortcomings or taking credit for other people's successes. Very few libertarians enter politics. Very few libertarians think they have the right to tell others how they should live their lives. Libertarians don't waste excessive amounts of time complaining about how the rules should be. Libertarians pick up the hands they are dealt in life and figure out the best way to play them. Many of them are successful in business and many of them are financially independent.

Both socialists and conservatives hate libertarians. Socialists think they're capitalist pigs and Conservatives think they're liberal degenerates.

Over the years I have been baffled by the leftists in the tech sector. Because in my naivity, I figure techies are of above average intelligence. If you're smarter than the average lemming, then I figure your approach to life's trials and other things that are none of your business would come from a higher thought process than socialist mob rule.

Examples:
"Oil companies make obsene profits!"
Socialists take to the streets chanting and carrying placards calling for "More taxes on oil companies" or "Price Controls".
Libertarians buy up oil company stocks and maybe use the dividends to buy a hybrid or put up solar panels to heat their swimming pool.

"Evil domainer owns 1000 domains he's not even using!"
Socialists post "he's a piece of sh*t" comments to reddit and advocate nonsensical rules like "use it or lose it" (what and who decides what proper "use" is?)
Libertarians shrug. Good for him. Maybe he'll buy some domains. Maybe he'll sell some domains to the domainer.

One of the comments to my now semi-infamous Domain Aftermarket overheated post was "the guy probably has sour grapes". I stand by everything I said in that article, but to the person who said that, you were not entirely off-base. I have expressed regrets over the years that I came very close to being an early pioneering domainer but didn't because I failed to make the last crucial mental connection in my mind to grasp what was happening. I blogged about this on my old blog and I can't find the post now.

Alas, I was grabbing expired domains in 2000 as a hobby and never made the connection that there was money to be made. Had I done so, I would have seriously dived in and maybe ate Frank Schilling's lunch But alas, I didn't, I missed the point so now Frank sits on a billion dollar domain portfolio and lives in the Caymans and I'm stuck in Toronto owning and running easyDNS.

Life sucks? I don't think so. I still pinch myself every day to make sure I'm not dreaming (especially since I haven't slept since my daughter was born) Rather than slag Kevin Ham, Frank Schilling, Rick Schwartz or David Chernoff, et al for figuring out that which I failed to figure out, I salute them.

Last year after listening to Joe Polish and Tim Poulson's Barracuda Marketing seminar, I put together a one page website at DomainWarning.com "10 Things you must know before registering a domain name with anybody. Eventually, it made the front page of Digg and the comments were marked by indignation (ooooh what an awful pun). People "accused" the page of being "nothing more than easyDNS marketing" Uh, well duh. Yeah, that's exactly what the page is. Somehow that's a "bad thing"? Apparently telling the truth about widely used tricks in the domain industry is, especially if anybody is going to profit from it, as per the Digg comments:

"1 thing you MUST know about the linked site is, it's an advertisement.
Whatever you do, DO NOT CLICK THE LAST LINK ON THE PAGE. The site owner will get affiliate credits if you do. F***ing cheap a** wh*re, that uses Digg to get some quick cash."

or

"After reading that entire page, why should I trust the link at the very bottom? How do I know the entire page wasn't built to bring business to easydns.com ?
Question everything.."

Well now you know for sure: the entire page was built to bring business to easyDNS. The entire page explains why you should do business with easyDNS. I don't understand how these people think it's supposed to work. Maybe we're just supposed to take out a Superbowl ad with scantilly clad models being hosed down like circus animals a la Digg sponsor, Godaddy, and I guess that's ok.

There was the odd supportive comment:

"I don't know what you're flipping out about. The article is good, offers a lot of good tips on how to avoid being screwed with your domain name, and at the end they provide one small discrete link to a good DNS service. This is a good example of honest advertising."

But the technopinkos beg to differ. Whether domainwarning was put up by an affiliate marketer who would make money off clicks or referrals, or by easyDNS as a marketing vehicle, they called it "spam" and it was somehow "worse" because it made the front page of Digg which I find even more ludicrous. We didn't digg it. Their own community put it on the front page. Market forces in action == bad, spam, evil.

The one thing the socialists and conservatives do have in common is how upset they are by the things other people are doing. The technopinkos seem to have more spare time on their hands, watching the comment thread on reddit, seems to be one extremely upset technopinko responding to every thread, belaboring his point, he's been at it all day while us libertarian types have been off doing stuff.

But these are just two examples. Go to any high profile tech board, read a story about somebody, anybody doing well in business, click into the comment forums and odds are you'll find the threads slanting heavily to the left as the technopinkos run livid.

More stuff to do my lunch just arrived...

Posted by Mark Jeftovic in Living off the net at 15:24

Tuesday, May 8. 2007

When The Music Stops

There is a saying among Native Indians "He who doesn't consider what is distant, will find sorrow near at hand". I suspect we are entering an age where, to paraphrase Douglas Casey, the inevitable is finally becoming imminent. Today's post is about a couple of trainwrecks, one that just happened which everybody could have and should have seen coming, the other is still on the rails...for now.

In the case of e-gold the hammer has already fallen, with indictments on money laundering charges being handed down and many large exchange providers having their accounts frozen.

The founder of 1MDC, (a pseudo-DGC in that it is itself backed by e-gold) once posted to a dgc mailing list that he felt his client base was safe because "if e-gold ever failed, he would simply move his users' balances to another digital gold currency", an attitude which has been proven by events, not to work when the music stops and those without chairs find that their contingency plans were contigent on having one. Now, all 1MDC users find themselves out of luck with 1MDC's e-gold accounts being seized in the indictments and there will be no flight to another DGC for their users.

Having also recently finished reading about the failure of Long Term Capital Management, I find common theme I've been encountering lately is the idea that the totality of potential failure conditions are known in advance and can thus be planned for and nullified. LTCM had early signs that their underlying assumptions may not be applicable everywhere or even valid in their original forms, yet they continued to ratchet up their leverage and diversify into more exotic trades and spreads. When things started to wrong they simply refused to acknowledge it because the things that were going wrong simply didn't fit into their models, ergo, a kind of groupwide denial set in that it couldn't be real. It wasn't until it was too late, far too late that they had to go to the fed, hat in hand, to organize a bailout.

Of course retrospect is now obvious: the time to start mitigating against an e-gold disaster was a long time ago and I hinted as much in my When Will E-gold Get Accountable? post several years ago, which earned me a lot of flames on the DGC mailing lists but got me quoted in Business Week magazine. While easyDNS is still the only ICANN accreditted registrar that accepts digital gold currencies as payment, we made it a practice to redeem our e-gold as fast as it came in. I may like digital gold as a medium of exchange, but when it comes to storing value I feel better off with the physical ingots spread around a few bank vaults.

It wasn't especially prescient of me to see trouble on the horizon for e-gold. Nor does it seem so for my favorite sparring topic in the blogosphere lately, the ridiculously overheated valuations in the domain aftermarket.

Marc Faber's market commentary this month is entitled "Is The US Economy already in Recession" makes a good case for calling the economic situation in the US recessionary.

"In fact what is interesting is that home prices have been declining at a time of even faster monetary growth. But wheras accelerating money supply has lately failed to boost home prices, faster money supply growth has continued to have some 'favorable' consequences for other asset markets".

I have long suspected the domain aftermarket has been a beneficiary of this phenomenon. Faber himself could have been referring to it when he wrote

"We are truly in the midst of a buying frenzy or buying panic during which investors collectively believe that they can play the asset inflation game until it stops and then all get out profitably at the same time."

In fact he wasn't referring to the domain aftermarket but he did go on to note that "it would seem that the global asset inflation is slowly narrowing with fewer and fewer assets still surging".

The secondary market in domains will seemingly be among the last asset class standing when the music stops but where domainers and I diverge is their belief that domain valuations will not be overly affected by a sharp asset repricing across other markets.

This to me sounds more like wishful thinking than sound economic reasoning. If one posits as a starting point for example, a sudden sharp 30% to 50% decline in the USD, any armchair economist could tell you why gold would go UP as a result. Or taking a different vector, let's say interest rates surge heavily, a logical case could be made for why the housing market would crater even deeper. These things are explainable within known economic frameworks.

Bearing in mind my core, base thesis that There is no such thing as the 'New Economy'I can't think of an economic scenario where domain name valuations would sustain or appreciate through a secular bear market in equities, a recession, stagflation or any other financial storm.

Overall ad spending will fall, not rise, cutting the legs out from under PPC, the one pillar holding up valuations that actually means anything. Nobody is going to care about "potential" future earnings of a domain name or how great a brand it could maybe someday be built into. All that is going to matter is what a domain name or website is generating in cashflow right now, and how much that cashflow will fall further through the course of the recession. Multiples will come down.

We aren't there yet. Right now we're in some Orwellian coma where inflation is undereported, GDP growth would be less than zero if it wasn't for those farcial hedonic adjustments and the unemployment rate holds steady at that magical 4.4% its been at for years (somehow those regular and frequent headlines about mass layoffs across every sector of the economy never budges that unalarming and digestable number)...and then we have the DOW at fantasy-land alltime highs, as are domain name valuations.

George Ure is always fond of saying "Better a couple years too early than a couple minutes too late", I've already sold most of my non-performing domain names, the ones that are "brandable", catchy, and full of that wonderful "potential" stuff. The ones I didn't have concrete development plans are being thinned out. I'm keeping the ones that generate cashflow and started developing the ones that don't (yet). In one exception, I have bought a name for a tidy sum, but did so for exceptional reasons (I liked it a lot, I wanted it, thought it was undervalued relative to the current parabolic valuations and it fit a development idea I've had for awhile).

Faber again puts it aptly

"If selling panics provide favorable entry points in asset markets, I suppose that buying frenzies should offer excellent exit opportunities. I would, therefore, use the current strength in equity markets around the world, which has left them in extremely overbought position, as an opportunity to sell and certainly not increase positions."

I feel the same way about the domain aftermarket, but hey, don't mind me I'm just some nutjob contrarian.

Posted by Mark Jeftovic in Tech Wreck 2.0 at 10:59

Tuesday, April 24. 2007

OpenDNS' address bar labels is a signpost to the type-in domainers

Predictably, most of the reaction to my Domain Aftermarket Due for an 'Asset Repricing' post awhile back was disgruntled and hostile. The domainer traffic king Rick Schwartz called it "One of the worst and most inacurate[sic] articles on domains I have ever read." and on the various forums I was called a total idiot and worse.

Since I'm talking about it, I should mention that I did get some of the numbers in the article wrong, like way off wrong. Drugs.com sold for 800K, not 4M and Yun Yi's Ultsearch portfolio was bought by Marchex for 165 Million, not 65. Next time I shall endevour to google the numbers before reciting them.

Be that as it may, the numbers may be wrong, the premise isn't. And I saw some pretty flimsy arguments why type-in traffic will increase in the future, not decline. One hopeful domainer posted:

As time passes and more and more (maybe?) parked generic domains are (finally) developed to yield their full potential I see more direct navigation activity, not less, as people will increasingly be rewarded for their direct navigation actions.

Yes, when people type something into the browser navbar and are confronted with this:

They feel rewarded and inclined to do that more often in the future.

Another key component of my premise was that type-in traffic faced impending competition from browsers, network carriers and DNS resolvers.

Along comes David Ulevitch at openDNS to prove my point:
Shortcut your way around the web describes their new service to use keywords in the browser location bar.

It is no surprise that pureblood type-in domainers don't like this. They'll be quick to tell you you're an idiot if you posit an overall decline in type-in usage in the future, but they only want the browser bar to be used in the way that suits them. Hands off to the actual makers of the browsers and if somebody from out in left field like a DNS resolver company steps in, then that's even worse!

This all goes toward what I was saying. Dave may be doing something that lends itself to more type-in activity in the browser navbar than less, but it's type-in that will take reach away from the pure type-in domainers. Remember where you heard it first:

The [domainers'] underlying premise is that internet users will grow less sophisticated over time and that there will be no further or meaningful user interface changes from here on in, that...access providers, network carriers, web browsers and even root or recursive nameserver operators are going to stay out of the realm of â€œerrant or exploratory internet trafficâ€• and leave it all to the domainers.

The outcry from writing that article led me to believe there was something to what I was saying (having said that, there was a lot of super constructive criticism and very well crafted counterpoint. Probably the best was from Frank Schilling) and even a few smatterings of "he may have a point" could be found if you dug around enough.

Nobody likes to hear "last call" being called. Everybody likes to think the business they are in is recession proof and poised for boundless, perpetual growth. The lemmings who are buying GOOG at nearly $500/share today are impatiently wondering how long it will take to go to $1000, the guy who spends a million or two on walnuts.ws (made up example) thinks he'll recoup in a year when Marchex or Ireit buys it for 4.

None of this is to say that domainers are fools. In fact most of the successful ones are smarter than I. The established ones, the big portfolio owners and the guys with the generic monsters built their empires years ago. They saw what was in the future, they started accumulating at well below market values, either registering the names fresh, buying below

market in the aftermarket or amassing them via the expiry drops.
My hat is off to these guys because they saw it before the explosion and they acted.

By contrast, the herd mentality is to look at what made a lot of money recently, buy-in at current market prices, assume trend continuation in perpetuity, and wait for the easy profits to roll in. Which would mean, as I always say, if it were that easy, everybody would be rich.

I think there is a lot of big money being thrown at domains today which just won't be recouped, let alone turned into a profit down the road.

I'll close with some sage advice from two very old books which had to do with speculation in the stock markets. It was Jesse Livermore in Reminiscences of a Stock Operator who observed that most people experience greed and fear at precisely the opposite time they should be. They are greedy when they should be fearful (when the market is HOT) and they are fearful when they should be greedy (when it's not).

In 1917, a Wall St. insider named Don Guyon undertook a study of the trades and performance of every client of the brokerage house we worked for. Detailing his results in One Way Pockets he found that 90% of them lost money overall and displayed the same pattern almost universally. They would enter a trade, it would show a small profit, and they would sell too early. Then seeing the stock leave them behind, buying back in at higher prices, holding on too long and then after the stock peaked, riding it all the way back down to the bottom where in the final cruel cut they would capitulate and sell and what would become the perfect entry point for the next cycle up.

So it goes.

Posted by Mark Jeftovic in Tech Wreck 2.0 at 11:31

Thursday, March 8. 2007

On divorcing your partners while protecting your customers' interests.

The RegisterFly debacle has reached new heights in a cyber-age parallel to the Great Western Schism which saw Papal succession bifurcate into Pope vs. Antipope in the 14th century. The ICANN accreditted registrar seems to be operating under a similar disassociation with one side running the operation under registerfly.com (which actually wound up here on our nameservers this week) while the other runs a conflicting operation by the same name on the registerfly.net domain. No doubt, this is further exacerbates the problems for Registryfly customers, and seeing as one of the parties is now a customer, I'll leave it at that.

But what is clear to me is that there is a right way and a wrong way to have irreconcilable differences with your partners and if it leads to a dissolution of the association, it can and should be done in a way that is transparent to the customers and the business as a whole.

When it came time for the partners at easyDNS to go our separate ways, we did it with maturity and professionalism. Our customers were unaware anything had transpired until the deal was done, the papers signed, handshakes were exchanged and I posted it to the company blog later that day.

From the time the situation came to the fore to the time the agreements were signed was over a year, roughly the same amount of time this Registerfly trainwreck has been unraveling. In that time, no injunctions were filed, no lawsuits launched, no criminal charges were laid and no animals were harmed in the breakup of our partnership. Our own lawyers never even had communications with each other until closing day when we all showed up at the corporate law firm's offices to sign the papers.

What we did do was engage a third party mediator and held all of our meetings at their offices, on neutral ground. Tempers flared, patience was tried, opinions clashed. But all in all it was a very civil process and as a result, we're still on cordial terms. You can put us in a room together and we won't go at each other like Siamese Fighting Fish.

This all seemed very normal to us. I think we all knew it could have gone a lot uglier, but I doubt it crossed anybody's mind that it could have gotten downright nasty the way this registerfly situation has.

Knowing my former partners the way I do, I can attest to their ethical standards. I know had things gone differently, we still would have all worked together to ensure the interests of our customers. For that, I am grateful to have been in business with person's of such high ethics, because this other situation has shown me that not everyone is as fortunate.

Posted by Mark Jeftovic in Taking care of business at 15:01

Tuesday, March 6. 2007

In the court of the ICANN Sun King

A good article by John Levine on Why he left the ICANN At Large Advisory Committee resonated with me on a few levels, having decided fairly early on in CIRA Board career that I wouldn't be sticking around for a second term.

I've had very minimal exposure to the inner workings of ICANN, as a nobody on the outside they just seem like an utterly impotent hackey-sack ball that gets hoofed around by Verisign and the US DOC and occasionally passes policy that directly affects my livelihood. But otherwise they don't stop anybody from throwing the rules to the wind. (Fortunately, the Register Fly debacle affords them an opportunity to "look tough" even tho this disaster has been a year in the making and they've done nothing.)

Back to the article, where my favorite description about the machinations of ICANN is

"After going to a few ICANN meetings I found that ICANN operates along the lines of the court of the Sun King. ICANNâ€™s processes are hopelessly opaque, and short of a lawsuit, the way to get something done is through personal connections with staff and particularly with board members. As a result, ICANNâ€™s meetings involve a mob swirling around the ICANN board, and to some degree the staff, trying to get face time."

My minimal exposure was a brief stint as the alternate task force member appointed by the Registrars' Constituancy to the GNSO Whois Privacy Task Force. It involved an ICANN meeting in Montreal (which I was there for anyway because CIRA was hosting the meeting during the AGM) and a few teleconferences.

The whole thing was traumatic and scarred me mentally. The thing that struck me about it all was the relentless pursuit of agenda promotion. You weren't allowed in the door if you didn't have one, and if you didn't spend all your waking time cutting side-deals and "whispering-up" your talking points, a bouncer would ask you to leave. It was awful.

It was a lot like how I imagine the political process to work.

Posted by Mark Jeftovic in Tongue-in-cheek at 13:42

Wednesday, February 28. 2007

Domain Aftermarket Overdue for an "Asset Repricing"

For the last couple years the domain aftermarket has been hot again, we're seeing valuations not seen since bubble1.0, which saw valuations like 7 million dollars for business.com and 4 million for drugs.com. The TechWreck was induced by the Nasdaq crash of 2000 and the fun was over for awhile.

What differentiates this bubble in the domain aftermarket from Bubble 1.0 is domain parking and monetization. While it existed in 2000, it was a weirdism on the fringe. Yun Ye was quietly building his Ultsearch empire and cleaning up.

When he sold out to Marchex, for 60+ million cash, the masses "woke up" to parking and PPC. Now we have Internet REITs, domainer conferences and, the second last sign of an overheated market dropping in to place: VC funds are tripping over themselves to invest into PPC and the monetization game. (The last sign of an overheated aftermarket are the sales letters I get from places like domainprofiteer.com offering me courses in how to get rich buying and flipping expired domain names)

Now individual domains and portfolios sell for multiples of their revenues plus a premium for the name itself in the case of generics and other "type-in" names. These multiples have gone vertical over the last twelve to eighteen months. During the nadir of the tech wreck, actual web businesses were going for about 1 year's revenues and that was the departure point for domain sales.

The interesting thing is since then, the multiples on domain names have outstripped the multiples on developed websites. To me, this is the equivalent of the "inverted yield curve" that portends economic recessions.

The logic, apparently, is that "developed websites" require actual work to keep them current and maintain the userbase. As such they often sell along typical business valuations: 1 to 2 times revenues or 3 to 5 times earnings. Often less.

PPC domains, type-in, generics, et al are going for minimum 5-7 years revenues and that was before things were heating up. Among domainer circles 12 and 15 year multiples are becoming more common, more sellers are looking for 20 years.

I've heard domainers talk in terms 40 or 60 year multiples or more. Really.

Valuations of this magnitude are financially unsound. We should all be familiar with the Rule of 72 (if you are not then you shouldn't be "investing" in anything, stop daytrading or whatever you're doing right now and go read Benjamin Graham's Intelligent Investor or something).

This handy rule of thumb instructs us to divide the rate of interest on an asset into 72 and you're left with the number of years it takes to double (or recoup) your money. With valuation multiples, do the opposite, divide the multiple into 72 to find out what your actual rate of return is:

MultipleRate of ReturnSnide comment
7 years10.2%not bad
12 years6%GMAC territory, if you sell yours before GM goes bankrupt and buy a domain at this multiple you may actually be better off for it
15 years4.8%we're getting into 10 year T-bill territory here
20 years3.6%we're below the nominal inflation rate here
60 years1.2% here we'd be better off hoarding empty aluminum cans

As one "domain flipper" on a closed domainer board gloats,

"In the domain aftermarket returns of 30-50% a year are commonplace. It's almost a certainty that $65k [for] will turn into a $100k within six months from my experience. This is what I term "long term" as I tend to flip within days.."

Evidence of tulipmania in the modern age.

"All my short term flips have made me 50%-200%"

"I agree [that it is] madness of people paying 10-20 years on ppc domains, but if you buy at even 8 years and sell asap to someone higher up the food chain, you don't have to agree with their madness, do you? :)"

At the time I started writing this article, John Gotts had recently paid 3 million dollars for the wiki.com domain name because he thinks "wikis are going to be hot" and from that premise, a lot of people are going to type "wiki.com" into their browser location bar.

Then "after he makes his money back on the 3 million he paid for the name, the rest will be pure profit". No, that isn't a line from a Simpson's episode, it's a real strategy, and according to Gotts there were two VCs interested in funding it. Big surprise. (Recent speculation is that the deal hasn't fully consumated and that Gotts left himself a large escape hatch if it didn't work out. The whois record doesn't seem to reflect a completed transaction.)

Type-in traffic is always nice, but anybody building a long-term business strategy or "investing" large quantities of cold hard cash on the premise that it will continue forever (or even escalate) will, I think, be disappointed. The underlying premise is that internet users will grow less sophisticated over time and that there will be no further or meaningful user interface changes from here on in, that net neutrality will prevail and ISPs, access providers, network carriers, web browsers and even root or recursive nameserver operators are going to stay out of the realm of "errant or exploratory internet traffic" and leave it all to the domainers.

Type-in traffic is the realm of grandmothers and the not-so-tech-savy. As people get more knowledgeable about the internet, their type-in usage declines. They stop "typing into" the browser's location bar and start using the browser's search tab.

I think these facts will work against any assumptions about type-in traffic, especially those who hope it will increase into the future. In Gotts' case, anybody clueful enough to know what a wiki is, knows better than to stumble their way around the internet typing what they want into the location bar. He'd have been better off buying wiki.org, which at least comes up near the top of the organic search engine results for "wiki", while his wiki.com doesn't even list on the first page.

Further, all it takes is one major browser (IE, for instance) to make a shift in the out-of-box layout of the browser dashboard: say putting a search input field right where the current location input bar is and type-in revenues will begin to decline in earnest.

Whatever type-in domains are doing now, I don't think there won't be as much of it in 10 years. So paying 10 years revenue on a type-in domain or porfolio seems highly speculative to me. Paying 20 borders on insanity.

One of the reasons I take this view is because I disagree with the wider sentiment that domains have an innate underlying value like a piece of real estate.

The argument goes that if you pay, say $100,000 for a name, then it has an underlying value of that amount, and the revenues earned by parking the name is a return on investment over and above the initial outlay.

I disagree with this. I think the domain has an underlying innate value of zero. If you pay 100K for a name, you are out 100K until the name earns it back for you, at which point you've broken even (aside from the loss of purchasing power of the currency via inflation in the intervening time).

You haven't turned a profit on the name until it earns back your initial investment plus an amount greater than inflation, at which point you're finally in the black on your "investment". If you do sell the domain for some amount afterwards, either recouping your funds or turning a profit, it's because you got lucky and you've succeeded in speculating, not investing.

Repeat after me: What makes a domain name valuable? It's what you do with it. If there's one thing the whole "Web2.0" phenomenon has proven, it's that for the most part domain names don't matter.. Pick a word, any word. Is the domain name taken? No. Great. Reg it, and get back to business, building the website and advancing the business plan.

While nobody really knows what "web 2.0" means, the naming styles that emerged from it were a direct result of unfunded, agile start-ups working within the gaps left by domain hoarding and an overheated aftermarket.

So what will trigger "asset repricing" in the domain aftermarket? Basically aftermarket domains will be another casualty of the current liquidity bubble bursting, which will happen any day now. The talking heads on CNBC are already "upbeat" after yesterday's 400+ point selloff on th DOW. Downplaying the extreme imbalances in the financial markets. But I have maintained for years that the entire 2003-2005 runup in the equities markets is just one big-ass bear market rally and I stick by my assertion that we will see new lows on the Nasdaq a lot sooner than we will see new highs.

Yes, the DOW hit a series of new highs which technically violate a bear market rally scenario. The DOW has hit new highs due to credit expansion and excess liquidity, pure and simple, and will unwind soon if it hasn't started already.

Yes, I am one of those nutjob quacks who is convinced there is a global recession bearing toward us like a freight train. Many early indicators already show successive months of contraction. In it, housing values, equities and corporate bonds are all going to take a dump.

The domain aftermarket isn't gold bullion or a t-bill. It isn't by any stretch a safe haven. There is no reason to think for a second that aftermarket domain pricing will move inversely to the wider asset classes which are going to spend the next few years cratering.

We're in a secular bear market, they tend to last 12 to 20 years. It started in 2000. Do the math.

My advice to anybody sitting on some monster domains or portfolios is to either sell them fast or develop them into something useful that can produce an income stream that doesn't depend on blind type-in traffic or pre-existing link-pop from an expired domain's previous incarnation.

The domain parking services are going to have to get a whole lot more creative if they want to survive the TechWreck2.0. Marchex may be headed there with their much anticipated openlist initiative, other operations like communicate.com are developing their properties into verticals.

Lots of people are working on a better, smarter,parked platform. The problem in this space is that there is a fine line between dynamically generating "contextual content" and an automated scraper splog.

At the end of the day,I don't see a lot of long term upside for domains on their own, there has to be a viable website on them, there has to be something original, innovative and useful. There is real work involved.

The pink cloud days of easy PPC money from type-in traffic are numbered, get used to it.

Posted by Mark Jeftovic in Living off the net at 17:57

Friday, February 23. 2007

One man's minor bug is another man's tipping point

I've been on the fence about dumping once of my outsourced solutions providers and bringing the functionality they provide in-house. We've been with them a long time, I have regular lunches with some of their VPs and trade phone calls with the CEO on a semi-regular basis. They're good guys, we like each other. It's all very friendly.

But business is business. I can save a nice sum of cash each year if I ditch them and bring the functionality in-house. But I didn't pull the trigger on this during a round of cost cutting last year because the service was good and it was one less thing to worry about.

Lately tho, we've had some issues and we end up having to worry about some of the stuff anyway. Looking at the future roadmap, we want to go into a market they don't service and we'd have to come up with the toolset to service those functions in that market from somewhere else anyway.

Then last week, a bug rears it's head. A seemingly minor bug over there is causing daily doses of grief over here. We finally isolate it complete with process id's and transaction numbers from their side and open a ticket last night. "Hi, your system has recently started doing X twice every night instead of just once. This causes problems over here because we key off of process-X".

The response came in today:

"The Developers have looked at this and say that it is a very rare occurrence. We are not able to guarantee that [process-X never fires twice] as that would slow down the .... process significantly."

Okie then. We'll muddle through on our own with that. And while we're at it we may as well develop the entire toolkit over the next couple months and then we can send you our notice of termination.

Case closed and thanks for helping me with that decision.

Posted by Mark Jeftovic in Taking care of business at 16:17

Thursday, February 8. 2007

That comfy cozy Nanny State

A couple of recent developments have got me thinking about the nature of the socialist, nanny state, what it does to people's self-reliance and the insidiousness of entitlement programs in general.

South of the border, a minimum wage raise has been passed while up here the airwaves are full of cheery ads from the CDIC that the amount of bank deposits covered by the CDIC has been raised to $100,000.

The Canadian implementation of deposit insurance is supposed to be funded by the premiums of its member institutions. Thus the CDIC is a Crown Corporation funded by it's member banks and it pays out settlements from its own reserves, or if depleted it is allowed to borrow up to $6 billion to cover banking collapse. So on the surface it appears as if bank failures covered by CDIC don't come out of the taxpayers pockets.

This looks nice on paper. In reality the CDIC has cash reserves on-hand of 1.4 billion to cover payouts on a failed bank. It can, in a pinch, borrow that further 6 billion which brings it up to 7+ billion. Which basically means it has the resources to cover about 1.6% of the 437 billion worth of deposits insured, most of it with borrowed money. In the event of some sort of systemic or cascading banking failure, the rest would have to come from the Federal Government, better known as, the taxpayers.

We've seen exactly this happen in the US during the S&L scandal of the late 80's. The sister body to the FDIC, the FSLIC (which covered S&L's specifically) went insolvent and the entire debacle is said to have cost the American taxpayer $150 billion.

In a very under appreciated and obscure book called The Monetary Elite vs. Gold's Honest Discipline by Vincent LoCascio, the flawed logic of government underwritten deposit insurance is revealed time and again.
"[P]eople fail to consider that federal guarantees make bank failures more likely by artificially encouraging people to choose the highest interest rates available, which in turn causes bankers to seek riskier, higher-yielding loans and investments".

Because in our cozy nanny state, the bankers enjoy an exalted safety net the rest of us capitalist pigs can't, in fact, mustn't depend on:

"Failing banks do not face the same fate as other failing businesses. Other failing businesses must contract, face more restrictive credit conditions, tighten their belts, and turn adverse results around as quickly as possible to become more viable. Failing banks, however, can ignore the reality of their situation...They can use federally guaranteed deposits to try to speculate themselves out of trouble

What if businesses could operate impervious to the whims and pitfalls of the real world? Imagine if you will a scenario in which all businesses operating in Canada were automatically covered by the CBEOLIC, the Canadian Business Errors & Omissions Liability Corporation. Over time, you watch the effectiveness of the entire business sector erode away to incompetence of tragic proportions. Why try harder to mitigate risks? If anything goes wrong the government will mail you a cheque. What a country!

Somewhere along the line the desire to collectively pool resources (taxation) to protect the unfortunate during hard times mutated into a perversion where a coddled citizenry expect "the government" to absolve them from taking responsibility for their own lives.

It permeates into all walks of life whether people care to admit it to themselves or not. Why bother saving any money? If you lose your job you get Unemployment Insurance. Why put anything away for the future? When you get old you will get payments from the Canada Pension Plan. People don't cop to this on a conscious level, it just manifests as the aggregate household savings rate slides down over the years. Seldom do people carry out simple back-of-the-napkin calculations that would help them understand that UI is no substitute for lost wages and if you actually tried to live off your projected CPP benefits then plan your retirement around living in a cardboard box and eating out of dumpsters.

Students and leftists carry this to extremes, demanding all manner of fantasy world perks like a "guaranteed living wage", not understanding that if their dreams were to come true, the nature of inflation and money supply would kick in and after a nasty and unbargained for displacement, they would be back to, or worse than where they started. All a guaranteed minimum living wage would succeed in doing is moving the effective poverty line to the new minimum wage.

A very good dissection of minimum wage laws I've seen is James Ostrowski's How To Help Low-Wage Workers (Without Raising the Minimum Wage) where he gives us five reasons our nanny state overseer politicians love to pass minimum wage laws:

"Why do politicians love to propose increases in the minimum wage?

1. It costs them nothing other than the ink and paper the bill is printed on.

2. The vast majority of the lawâ€™s supporters simply do not understand the technical economic reasons why the law fails to help the working poor.

3. Many people do not understand what the law actually means.

4. Powerful special interests favor the minimum wage for reasons unrelated to the welfare of low-wage workers.

5. The minimum wage promises to give us something for nothing."

and proceeds to outline exactly why raising the minimum wages exacerbates unemployment. So politicians can get people to vote for them by dangling this carrot, but in the end more of the working poor will lose their job for their troubles.

To put it simply, minimum wage laws don't force employers to keep workers at the new minimum wage. If the economic output of a worker is below the new minimum wage, he won't get paid more, he'll be fired. The politician won't care, he's already been elected.

"Tragically, those priced out of the labor markets by the minimum wage are often young, unskilled, high school drop-outs, or minorities. Those who most need that first unskilled, low-wage job are most likely to be economically and legally unemployable after the wage rate is raised.

Thus, the first obvious effect of the minimum wage is to cause unemployment among the least skilled and most disadvantaged workers!"

Beyond the seemingly counter-intuitive outcome of increasing unemployment, Ostrowski identifies the following 5 after effects of increasing minimum wages:

1. causes unemployment among the least productive workers;
2. reduces wealth, causing prices to rise (same amount of money chasing fewer goods and services causes prices to rise)
3. causes premature replacement of workers with technology, which again, reduces wealth and causes prices to rise.
4. raises the cost of living for all
5. increases the ranks of criminals and black market workers such as drug dealers with all the attendant social costs.

and punctuates it with the thought experiment:

"If the minimum wage law does not cause unemployment and can raise living standards at zero cost, why keep it so low? Why not have a minimum wage of $50 an hour? That way, we can all be upper middle class. The answer is that it would cause mass unemployment because most people aren't worth $50 an hour. "

He concludes his analysis with what really would work to improve the lot of the low-income working poor:

1. reduce their taxes
2. reduce their cost of living
3. increase capital investment

Which also seems to work for the not-so-poor, the middle-class, the rich and for businesses. Go figure.

I've looked at both ends of the spectrum of self-sufficiency eroding Big Government initiatives that purport to provide "safety nets" and guarantees for that which can never be guaranteed.

There is only one person in the world who can guarantee that if a bank folds, I won't be wiped out. There is only one person to guarantee that I earn a living wage that can provide for my needs and those of my family.

That person is me. And that person is you.

Posted by Mark Jeftovic in Armchair Analysis at 15:29

Monday, January 29. 2007

Does is matter which side of the trade you're on in a derivatives meltdown?

When the subjects of options and derivatives come up, even pundits will depart from their usual cheerleading and adopt an admonishing air of "don't try this home" to the armchair daytraders: "90% of all options expire worthless" they will say, wagging their fingers at the TV camera. The implication being that most amateur daytraders waste their money buying options that expire out of the money.

Which is probably true. But a large chunk of derivatives aren't bought by the amateurs, many of them are bought by the commercials, funds and institutions by way of hedging their positions and they actually want them to expire worthless.

I'm an amateur, but recently I found myself thinking through a strategy that has me buying options that I think will make me a lot of money in a crash, but all things being equal, I'm hoping they'll expire worthless two years out. If they do, it means the economy has more or less kept going, and if the economy keeps going it means my main business interests will probably hold up (unless I screw things up on my own).

If there is a crash, I think it'll be a big one, one that heralds the arrival of an undisputed, no-massaging it, full on recession. So I'm positioning for that (I think). If it happens I'm hoping to be well hedged and flush with enough cash to get across the tough times following it.

When non-professional hacks like me talk about the possibility of a crash, you can safely ignore it. I'm just one of many cranks who pound out a blog from underneath my tin-foil hat. But when central bankers talk about "Asset Repricing" you have to understand that central bankers talk in soft, non-threatening sounding euphemisms about the kinds of things us unsophisticated fringe contrarians are scared stiff about.

But lately I've been wondering about whether my derivatives holdings would hold up in a serious meltdown situation, even if I'm on the right side of the trade. The total size of derivatives positions worldwide is reputed to be something like an order of magnitude larger than the aggregate M3 money supply of the world. I can't remember where I read that but it means that all the derivatives contracts add up to literally "more than all the money in the world". (According to the BIS the notional value of all derivatives was 57 trillion dollars at the end of 2004, and since then, the amount of derivative contracts being floated has gone parabolic).

So let's do a simple thought experiment:

- let's say the total notional value of derivatives is 20X the aggregate M3 of the USD, CAD, Euro, Swiss Franc, the Pound and the Yen.

- then posit a first domino: somewhere something happens along the lines of an Asian Flu, LTCM, Financial 9/11, etc.

- for fun, add in a cascading failure that burns through the global financial system, let's say this wildfire sucks up only 10% of all the open derivatives (that would probably be a relatively "mild" derivatives meltdown)

- so derivatives totalling twice the aggregate money supply of the major currencies implode

- I am on the "right side" of the trade in all my positions (ha!)

The "sell" side of all the winning options would be on the hook for an amount of money equal to total M3. Do you think the people who sold those contracts are going to be able to pay out?

My guess is the "winning side" of all the derivatives contracts in a meltdown situation would be lucky come out of it with pennies on the dollar.

People who put their money into physical unencumbered assets like gold, silver and land would probably make out like bandits tho.

Just thinking out loud. This is not investment advice, remove cellophane before eating, etc.

Posted by Mark Jeftovic in Thinking out loud at 22:40

Friday, January 26. 2007

I don't get the new "New Economy" (2.0)

Back in 1999 I was walking around in a mental fog because I was coming off of a multi-year bender and had recently stopped drinking, smoking and,uh, other related recreational vices. At the time I was worried I was going to die from boredom (turned out not to be the case at all. My life has been more exciting and fulfilling since I cleaned up than I ever could have imagined, but that's another story...)

So I decided to start daytrading. I took out a $1,000 cash advance on my VISA card and opened an E-trade account. By March 2000, it was worth over $9,000 and I thought Warren Buffet was a pussy. I keep that E-Trade account open to this day as a reminder. It's worth $200 now.

Anyway, at the time I remember walking around the warehouse district where my office was thinking about "the new economy". I just couldn't wrap my head around it. A lot of the companies trading on the stock market weren't making any money. A lot of the start-ups getting funded had no prospects of revenues. "Aha" I thought. "I guess what it's about now, is the stock price and investment flow". Companies didn't make money by selling stuff at a profit, I realized, they made money by raising it in the capital markets!

It was one of the many moments I stood on the precipice of a major epiphany, had I thought it through properly I probably could have done well, but once again, I missed the point. My mind couldn't make the critical leap to where it needed to get in order to profit handsomely ("Aha! We're in the middle of a bubble! START SHORTING STUFF") and knuckled under to the flawed, murky newspeak "I guess that's how things work now. This is a new paradigm for wealth building. The old rules don't apply at this new, permanently high plateau of the New Economy", and I went along with it. Silly me.

Well lightning does strike twice. Here we are and the DOW is reaching new highs daily while insider selling outpaced insider buying 55 to 1 last month (this ratio has been higher than 30 to 1 for over two years). The new Kook-aid (that was a typo for Kool-aid but I think I'll leave it), is "Web 2.0".

Companies like Slide.com are getting third round VC fundings of $20 Million and they are (as Michael Arrington politely calls it) "pre-revenue". It was interesting to find out about this shortly after yesterday's post about "remorasites". Slide is a remora to MySpace, and all it takes is one move from MySpace and Slide will get shafted for all that precious "mindshare".

Nowadays my biggest mental handicap is that I haven't had a decent night's sleep since becoming a parent nearly 11 months ago. But I don't need to be fully rested to realize we are in BUBBLE 2.0, echo bubble overdrive baby. Insiders are selling up a frenzy, most of the stock market's gains can be explained by inflation, no-revenue companies are getting close to 100 million dollar valuations and some VC's seem STUPIDER than MONKEYS.

Bearing in mind the old adage "The graveyards of Wall St. are littered with the bones of those who were too early", methinks it is a fine time to start thinking seriously about getting short, or at least well hedged.

Either that or it's time to learn ajax and start an aggregator with widgets that are tagable from social networks.

On mobiles.

Via RSS.

Can I have 20 million dollars now?

Posted by Mark Jeftovic in Venture Crapital at 15:51

Thursday, January 25. 2007

The problem with remora websites

In the biological world, remora's attach themselves to larger organisms such as sharks or whales and they "benefit by using the host as transport and protection and also feeds on materials dropped by the host".

I've coined the term "remorasites" to refer to the crop of websites that spring up around any big internet whale and derive their value entirely from servicing that website. The plethora of MySpace profile builders, AOL Instant Message Icon sites, Youtube scrapers all fit this category.
The sites could be further segmented into those that add value to the user experience of the host site, or those that simply extract value from it (leeching).

Examples of the former would be third-party AWS toolkits, which would enable people to easily build third-party websites that can hook into the Amazon product base. Examples of the latter would be the "Video Code" sites that had a heyday about a year ago (all they did was rip html for music videos code from Yahoo)

Building remorasites is a dicey proposition. The value-add ones can rely almost entirely on the existance of "blind-spots" in the host website's awareness or marketing niche. They see a value and then devote the time and energy to adding value, fulfilling a need. Clickbank for the longest time didn't have a "search" function for it's product base. A whole host of third-party sites emerged providing clickbank-malls which basically layered a search on top. Now clickbank has a product search. I haven't seen a "clickbank mall" around in awhile. I'm sure they are still around, but a change in the architecture of the host site can sure change things for the remorasites.

I've been bitten by this one myself. Shortly after building FeedBay as a way of playing with the Ebay Developer Tools I began to notice that little [RSS] icon at the bottom of Ebay categories. I'd been obsoleted!

People still do use FeedBay, but from here on in it's a straight case of residual crumbs: anybody looking for customized Ebay RSS Feeds finds FeedBay first, they use it, otherwise, they use the built-in Ebay feeds.

Over the last few weeks I got burned again. When I launched FeedBay, I got a few emails from people asking if they could generate RSS feeds using their own affiliate codes. Now there's a value added service I thought to myself, and promptly forgot about it while I went out and became a daddy, bought my company, moved houses, in short, lived my life until I revisited the FeedBay idea.

A week ago at night after the baby went down, I started coding in the ability for other people to generate feeds with their own affiliate codes. I finished it last night, typed "Ebay Rss" into google and realized I've been scooped again.
Ebay already allows affiliates to generate RSS feeds with their own affiliate codes.

So there were a few lessons I learned here:

If you see a value-add niche for a remorasite, MOVE FAST, the blind spot in the host won't last forever. If you have momentum when it ends, you have a chance to hold your own against the overwhelming advantages the host website has. If you are really lucky, part of their blindspot may be have been exposed by your site and to rectify their oversight, maybe they'll just buy yours. Who knows.

People will still use remorasites for functionality available directly from the host if they don't know the host offers that functionality. This then comes down to things like SEO and marketing.

There will always be ways the small operator can stay viable by doing it better, faster, simpler. When I look at the Ebay Affiliate RSS feed a number of value adds still come to mind: Adding in-depth tracking and reporting features, monitoring active RSS subcriptions from the major aggregators. There are still many possibilities to make FeedBay viable, but I'd hafta move on `em pretty quick (see #1). My Copious Spare Time isn't what it used to be.

The major issue about remorasites is that the entire ecology of your website is defined by an external entity in the host website. Whether the relationship is friendly (value added, encouraged via API's and toolkits) or hostile (leech sites) greatly impacts the longterm sustainability of the project. But either way, you are still subject to the whims of the host.

You could wake up tomorrow and your entire business case is moot, obsolete or facing new competition from the host itself.

Posted by Mark Jeftovic in Living off the net at 15:06

Wednesday, December 27. 2006

Boom or Crash for 2007?

With the Dow Jones Industrial Average making new highs, Wall St. experts and pundits all agree that 2007 will be an up year for major indices. By the way, they always agree that next year will be an up year. If things look particularly and undeniably bleak, then they'll predict a "second half recovery" but an up year all the same.

Nobody can say for sure what the future will bring. In general terms you can come out ahead simply betting against economists and weathermen. It may not work all the time, but I suspect it's statistically better than playing the lotto.

Modern day economists fulfill more of a cheerleading role than anything else. What economists basically do today is explain to the general public in easy-to-understand terms why anything bad that has just happened or is about to happen, is actually a good thing when you look at it from a different context, and why people should just go on about their business and not ask too many deeply probing questions about the current state of the economy or the financial system.

Examples include reporting core inflation figures ex-food and ex-fuel, not reporting M3 money supply at all, or explaining why adjustable rate mortages are a good thing when interest rates have nowhere to go but up and property values nowhere to go but down.

So one must decode this fog of obfuscation that surrounds all things economic and financial if one hopes to make a reasoned guess about the future.

Over the holidays I picked up two books with diametrically opposed hypotheses: The Coming Economic Collapse: How You Can Thrive When Oil Costs $200 a Barrel and The Next Great Bubble Boom: How to Profit from the Greatest Boom in History 2006-2010 I am reading these in parallel. A couple chapters of one, a couple chapters of the other. I was hoping to arrive at the end of the pair with some sort of weighted estimate around which scenario was more likely.

I'm still barely into either book and have some concerns around each of them. Stephen Leeb's "Coming Collapse" book describes the Tech Wreck of 2000 as a potentially civilization-ending meltdown which was only staved off by the massive credit expansion and subsequent real estate bubble. I have an issue with this because I subscribe to the old Austrian School theories which call for a recession to unwind the excesses of the previous bubble. We never got one after 2000 (that soft-landing pseudo recession wasn't it) and that massive flood of credit only put it off and will make the necessary recession all the more intense (and painful). In short, the Powers That Be took the easy way out, not the correct way out of the Tech Wreck. Not surprising as the correct way out would have been a painful reality check that doesn't get politicians re-elected.

Harry S Dent's "Bubble Boom" book posits that we are in a string of amplifying "bubbles" rotating between various asset classes. Tech, then real estate, then... Each one bigger than the last. He has a point here. In a way, he's describing the same thing as Leeb when the boom/bust cycles that result from unsound monetary system underpinnings are not "managed" properly when the bubbles pop. But fairly early on he brings Elliot Wave Theory into his reasoning and when somebody talks EW to me, my eyes glaze over and I figure they may as well be reading tea leaves, a tarot deck or chicken entrails. "It's nonsense dolled up to look like thinking." an occultist (of all people) once quipped. I won't get started on Elliot Wave theory, save to reference an article I wrote a few years ago noticing that the Elliot Wave theorists at Elliot Wave International had an unblemished record of being absolutely wrong about predicting the price of gold and had been for years.

All told, the most sensible book I've read over the holidays about predicting the future was The Zurich Axioms which basically tells us that the future is essentially unpredictable, don't fall in love with magical thinking like technical analysis or financial gurus like the talking heads on TV.

Instead it describes a common sense way of organizing your speculations in order to maximize your upside potential and minimize your downside risk. Note that this is not saying "only bet what you can lose" (in fact, quite the opposite) But through the 10 major and 18 minor axioms the reader has described what Sovereign Strategist author Mark Rostenko (sidenote: does anybody know what the hell happened to that guy?) describes as "low risk trades". Situations where if you lose, you will lose small but if you win you win big.

Personally, I am calling for a down year in the major indices and a recession in 2007 and I hope I am wrong. But my guess is this time next year, we're going to be hearing a lot talk about a "second half recovery" for 2008.

Posted by Mark Jeftovic in Armchair Analysis at 22:30

Wednesday, December 6. 2006

Four essential components of Search Engine Optimization

I've been helping a longtime customer debug getting his website setup with a google sitemap and stealth redirection and he asked me in more general terms if I had any advice for him around search engine optimization.
Here are four essential "must have's" for SEO. Three you can do right now, the fourth is not under your control as much. Before embarking on a concentrated SEO campaign, be sure the first three are in place.Continue reading "Four essential components of Search Engine Optimization"

Posted by easyDNS: Tips and Tricks in via easyDNS blog at 13:02

Tuesday, December 5. 2006

Have a Parkdale Hookers Christmas Time

Just in time for the holidays, feast your ears on "Have A Parkdale Hookers Christmas", a festive seasonal ditty penned and performed by the my band, The Parkdale Hookers, and just uploaded to the website for your downloading pleasure.

http://www.parkdalehookers.ca

Enjoy, and feel free to pass this on to any of your friends who may enjoy the seasonal cheer.

I hope all is well with you and yours, Happy Holidays.

Posted by Mark Jeftovic in It's only Rock n Roll at 23:09

Wednesday, November 8. 2006

Bob Rae's "Same Boat Now" covered by metalheads

Many years ago I was in a band called Landslide.

The Premiere of Ontario at the time was Bob Rae. He penned a little ditty called "Same Boat Now", and submitted it to Sony Music and was laughed at.

Always the opportunist, and in a band with a drummer who was then a TV reporter covering Queen's Park (now he's the Director of Communications for Finance Minister Jim Flaherty), I had the idea to do a power-pop/punk version of the song.

We had a brief media moment over it. I guess you could call it our 15 seconds of fame, and then predictably, Landslide disintegrated.

Now that Bob Rae could conceivably be the next Prime Minister, I thought I'd dig out the old VHS copy of a video Dan made of the song and make it available for posterity.

http://landslide.ca/bob_rae_same_boat_now.php

Posted by Mark Jeftovic in It's only Rock n Roll at 11:23

Friday, October 13. 2006

Can one be a half-assed straight shooter?

It's not often I use profanity in a blog post, usually when I do I blow some steam and then go back and cleanup the verbiage (like I did just now, the title of this post was a lot more colorful in v1.0)

The background: We have over the years, used another Toronto company, who shall for the moment remain nameless, for some equipment leases. This company farms out the financing to various other companies. One of them was CitiCorp Vendor Finance, 123 Front Street West, 16th Floor, Toronto, On. 1-866-778-1393.

So my bookkeeper noticed something strange lately. She noticed that CitiCorp Vendor Finance has continued to make withdrawals from our bank account on two leases past the end of the lease terms. For eighteen months past the end of the term on each lease. Honest mistake right?

Well this is just how CitiCorp does business. Buried in the fine print of some unreadable funding agreement (which I'm still trying to figure out if we're even a party to), they assert that the responsibility is on us to inform them when the lease it up, and if we don't, they will just keep withdrawing the money.

I've never even heard of this company. As far as I'm concerned this isn't even my problem and I wish my leasing company (the one I entered into the agreement with) the best of luck in straightening this out. In the meantime, where's my money?

Well I called the president of the company today and he agreed that CitiCorp Vendor Finance was conducting an absolutely unacceptable cash grab and he was going to get on their case.

Then he made an intriguing comment...He said, "I think I can get you half your money back. I want to get you in the mindset where you're recovering half of your losses." And followed that up with "I'm a straight shooter"

My response was this: "I don't want to tell you how to run your business. But it looks like I have to tell you to get into the mindset where I get all of my money back. If you only recover half of the money that CitiCorp Vendor Funding misappropriated from me, then you should seriously consider putting up the other half".

You want to think of yourself as a straight shooter? Put your money where your mouth is, that's what a straight-shooter would do.

I know because that is exactly what I would have done in the same situation, I've done exactly this kind of thing for my own customers.

In the past, We've gone out into the domain aftermarket and bought back a domain that a customer let lapse at our own expense. We did this a couple times even when we weren't sure it was our fault. When will we make our money back on that domain? Never. It'll take 60 or 100 years to recover that amount of margin. It doesn't matter.

We don't tell the customer "we'll get you half your domain name back, because we're straight shooters", that's a bullshit response.

Too many companies have a pointless aversion to going "out-of-pocket" when it comes to making amends. "Oh, I'll try to get you a refund from my subcontractor, but anything above that and I'll go out-of-pocket myself!" And? Your point is? Why should a pissed off customer care if you go out-of-pocket or not to fix something? Especially if you won't do it.

So to all self-avowed "straight-shooters" out there: Put your money where your mouth is. You either are or you're just talk. Time to mail this post to the president of my leasing company.

Posted by Mark Jeftovic in The Sleazemeter at 12:10

Wednesday, September 20. 2006

5 VC gambits start-ups should watch out for

I wonder if I'm the only person blogging about VC who has never had a VC investment? Over the years I've signed two term sheets:

Term sheet #1) Before easyDNS had it's first customer, we had a fully functional platform ready to launch and VC interest. The deal never happened, and the night it fell through I went home to my apartment and cried like a baby murmuring "We're so fucked" over and over to myself.

Why I thought that, I guess comes back to pure naivety. I simply didn't know better then than to think the start-up cycle included "funding" as a mandatory component. Besides, it all seemed so ...glamorous and it seemed then that we were going to miss out on all that glamour, fame and fortune.

Times change.

Term sheet #2) I was seeking funding for the buyout of my partners and it seemed the VC's were the last house on the street. I had already been to the vendors, the banks, the BDC and a couple angels and just couldn't quite piece together the funding I needed. On a complete and utter fluke, with all systems go and both sides committed to the deal, it blew up for what can almost be described as "clerical reasons".

When I got the phone call I was surprised at how it felt: it was an enormous release. I felt like I had just dodged a bullet and in retrospect I think that moment is the single, luckiest life-defining moment for me. Not a day goes by I don't thank my lucky stars that that second termsheet fell through. In the end I had to Plan-B it, and that is the single best thing that could possibly happened in my business career thus far. But that's another story.

It was quite the education that I picked up in both of those funding processes, in no particular order, here's a few "VC Tricks" I had the good fortune not to learn the hard way...
#1) You're in charge (yeah, really): A looming VC investment may make the founders nervous about letting these suits into the company, taking over completely and relegating them to mere employees (which is pretty well what's gonna happen regardless of what they tell you or how it's framed).

So the VC may hand out titles in a way to allay those fears. Nervous about control? Well you're the president! How can you not be in control now? We're just going to appoint one of the fund partners CEO but he won't be micro-managing you. Honest. Or you get to stay CEO, but don't think for a second that the VC's won't control the Board, so either way, it's academic.

#2) Control the Board It is said the key to chess is to control the middle four squares of the board. The VC's will control yours. It may be take some elegant math but either they'll have more seats than you outright, or you will have equal numbers of seats on the Board plus an odd number of "independents". Try nominating any of your associates to the indie seats or especially to that crucial swing seat. Watch that get shot down. Any candidate presented from your side of the table will not be "mutually agreed upon".

The VC's have deeper rolodexes, they will just keep throwing candidates at you until you finally capitulate and "mutually agree" to one of their nominations. Guess which way they'll vote when the matter of firing the founding CEO (read: you) is on the table?

#3) You're the majority shareholder A lot of energy gets wasted by founders trying to retain majority control of the shares in the hopes that it'll keep them in charge. Combo deals like investment split into part equity/part debt but this is all just optics to suck in/lull/mollify the founders into believing they'll still have control after the funding.

But then the term sheet will have all kinds of kookiness. You can bet on having a special share class for the VC's and a whole pile of special conditions that require approval of the pref shares (the ones the VCs own, not the commons, which you own more of). At the end of it, special priviledges will be attached to those preferred shares and embedded in the term sheet which make being the majority common shareholder meaningless (never mind liquidation premiums and preferences).

#4) A loyalty test This one is perverse. The VCs will want to make you feel part of their team and that by taking their money you will get to play at a whole new level. Kind of like being called up into the major leagues from that penny ante bush league you were languishing in before they came along.

In my case I was asked to meet with another partner at the firm to give him advice on another industry I have familiarity with, he was about to make an investment in that industry (or already had, can't remember). So after about an hour after we kick some ideas around he offers me the CEO job at this other company. I was floored and for a few days, tempted.

It all seemed so easy, why buy out my partners and forge ahead when I could instead sell, pocket the cash and come run this glamorous, funded, cool start-up instead?

In the end, I declined, another lucky decision. In retrospect it seems the entire exercise was sick mind game designed to test my resolve.

#5) Join us, become one of us Having passed the loyalty-to-the-plan test, I was then invited to sit on the advisory board of the above start-up. "Sure" I thought. I'm in the club now. These guys will fund me and I get to sit on advisory boards and join the startup jet set. A decade in the business avoiding minefields and I'm still susceptible to having ego stroked.

After the deal fell through, I rarely heard from the start-up upon who's advisory board I supposedly sit. Occasional email exchanges, "so how's XYZ Corp" going? "Oh great, thx", no mention of "We need to fly you out to California to meet the CEO" (plenty of talk like that when we had a signed termsheet though)

Finally after that VC emailed me the other day on an unrelated matter I asked him point blank "Am I still on your advisory board or were you just blowing smoke up my ass to help your firm get into my pants?"

No reply.

I guess there's my answer.

`Posted by Mark Jeftovic in Venture Crapital at 15:32`

Monday, September 18. 2006

CIRA Board Elections On Now, Please Vote

During my 3-year tenure on the CIRA Board, I got the opportunity to travel across the country. Whenever we held a public forum anywhere in Canada, the turnout was usually quite high and the participants informed and enthusiastic. Then near the end of every open forum I made it a habit to ask the attendees the following question: "How many people here voted in the last election?" and the silence was usually deafening. Less than 10 hands would go up every time, guaranteed.
So why the disconnect between getting live bodies out to an actual event and getting stakeholders to click a few buttons through their web browser?
Given the discontent I've seen among netizens over some gTLD issues with .COM (remember sitefinder?) and ICANN oversight, CIRA has set the standard for accessibility and stakeholder guidance for .CA. People should be seizing these opportunities and making their views known and voting.
Running country code top level domain registries carry unique challenges and require industry experience balanced with a sense of stewardship. .CA is after all a "key public resource" and the kind of people I want on the Board are those that take that stewardship capacity seriously.
This year I'm voting for the following member nominees:Paul Andersen https://elections.cira.ca/2006/finalslate/show/44/enClyde Beattie https://elections.cira.ca/2006/finalslate/show/22/enRoss Rader https://elections.cira.ca/2006/finalslate/show/35/en
And from nomination committee I'm voting for:Raymond Benoit https://elections.cira.ca/2006/finalslate/show/13/enBill Reid https://elections.cira.ca/2006/finalslate/show/12/enJeff Ryback https://elections.cira.ca/2006/finalslate/show/10/en
I encourage all .CA domain holders who are CIRA members to vote now.

Posted by easyDNS: of Interest in via easyDNS blog at 16:11

Friday, September 1. 2006

5 things your customers want from you

After a long absence from blogging (again), I've compiled a short list of the 5 things your customers want from you and they have nothing to do with web2.0, social bookmarking, widgets, marklets, CSS, RSS, Ajax or search engine optimization. In fact this post formed in my mind over the course of buying a new house, moving into it, and selling the old condo.

In other words, these 5 factors became evident to me offline, in the bricks and mortar world, and in keeping with my tired old view that "there is no such thing as The New Economy", it all translates back into things I can take back to the online world I live in.

The five things:

1. Customers want to be heard and have their communications with you acknowledged.

Sounds pretty self-explanatory, who in their right mind wouldn't do this? Well, all sorts of people. In the offline world it's the contractors who kept leaving the front door to my new house open after I told them not to do that. It's the painter who walks into the place with his boots on and upon being told "please remove your boots until you get a drop sheet down" and being told in response "oh, well these boots aren't dirty". That's not listening to your customer.

Meanwhile, back on the web, I've been emailing a private US agency about an immigration issue. It's been proceeding as planned, but they never even acknowledge receiving email. I sent them a short "here's my new address, and btw, how's this stuff going?" and not getting any cursory response until a form letter (the next step in the process) showed up at our new address.

It doesn't matter if you're doing what your customer wants you to do, you have to tell them you are doing it or they are going to feel like they aren't being acknowledged or listened to.

2. Customers want the organization to respond to them as a unified whole.

You read a lot of things about why small companies have advantages over the behemoths, most of them centering around agility, but this is also a contributing factor. It's easier for a smaller company to respond to the customer as a single unit than it is for the 800 pound gorillas. So when an 800 pound gorilla pulls it off, it impresses me.

Example: ADT. When I booked a test on the alarm system at the new house, the technician told me:

"we're getting a fault on zone 14, which is your basement motion detector, probably a battery needs replacing, 3 Volt lithium. We can't proceed until you replace that battery, but I'll be here until 10pm tonight, my direct extension is...."

Several hours later, I call back and navigate the voice mail labyrinth precisely as she told me, but got some other guy on the line...

"she's doing another test right now, and has another booked afterwards. I'll find somebody else to test your circuits and we'll get you activated tonight like you wanted, by the way, did you get that battery replaced?"

I had never told this guy that I wanted to get the system activated before I left for the night, and hadn't mentioned the battery, but once one tech knew this information, it seemed the entire company did. It made me feel like I was dealing with a benevolent, competent Borg collective.

Too many companies bat their customers around like a tennis ball. "You want to pay an invoice? Ha! I just generate them, go to hell (extension 123)" with marked disinterest in their customer's situation and an ingrained "not my department" mentality.

3. Customers want explanations, not excuses.

Yeah but, yeah but, yeah but, who cares. Customers don't care. Whatever it is you're about to say to a customer that

basically distills down to "it's not my fault", your customer doesn't care. It is your fault.
Doesn't matter what went wrong and how far removed that was from your direct involvement, if it happened on your watch, it's your problem.

The movers we hired were great. They explained everything that was going to happen ahead of time, offerred to send somebody out in advance to review our stuff (we declined) and then went over and above the call of duty on every aspect of the move.

So even after it took more than twice as long as their phone estimate, and took over two hours to arrive at the new place ("we went one way, hit traffic, tried another way and hit more traffic, then we stopped for dinner, then we got lost, we'll knock all that time off the bill"), we still sent them on their way that night with a tip and instructions to go get themselves some cold beer after working their butts off in the unbearable heat all day.

4. Customers want their concerns addressed

Professionals and experts take note of this: you may know more about your field than your customer can ever hope to understand, but your customer knows exactly what will and won't work for them, your expert knowledge aside. So listen to your customers concerns. They probably have little to do with the subject matter and everything to do with what will and will not work for themselves.

Most people sell their house and then buy another one before the first sale closes. Some particularly masochistic people will have both deals close and have their move booked all on the same day. So we decided we would look for and buy our house, MOVE, and then sell our condo.

This resulted in huge pushback from our real estate agent. Her expertise in the field: "empty condos don't show well, the market is hot now, it won't be too difficult for you to have the condo ready while you're still living there", completely clouded out the needs of her customer: "we have a baby in the house and it's very difficult to keep the place ready for showings while we're still living here, let alone get ready for the move at the same time".

So experts remember: you may know it all, but only your customer can tell you what they really need and what works for them.

5. Customers like it when their expectations are exceeded

Numbers 4 and 5 follow from #1, because you can't do either of these if you haven't listened to your customer and acknowledged their input. Once you have done this though, it is your opportunity to shine.

Going back to the movers again. They told us everything they were going to do, and then they showed up (on time) and did more. They wrapped every stick of furniture in a tarp and taped them up. They wrapped the sofas and the mattresses in cellophane. They brought in portable wardrobes with the expectation that they (not us) would load all the clothes from the closets into them. In short, they blew us away.

Promise less, deliver more is an old adage, but it still rocks the customer's boat.

I like to think my own business does these five things already. As I thought about these factors, once again it becomes apparent to me that there is no magic pixie dust to doing business on the net, and that it is really no different that doing business anywhere else. That is because doing business is not about clicks or conversions, retention, churn rates or burn rates, it's about the fair exchange of value.

Posted by Mark Jeftovic in Living off the net at 14:24

Tuesday, July 18. 2006

Life At The Margins

The elevator in my office building hasn't been working since last week. I meant to do this yesterday but today I finally called building management to report it. It turned out nobody else had done so. I overheard a lot of people in the halls complaining about it, but none of them actually did anything about it, even if it only required the most innocuous of actions to set a remedy in motion. So eventually, I did something about it. What's the difference between me and everybody else? About Â±10% I figure.

That means most of the time I'll go an extra 10% over the crowd, one extra mile out of ten, or maybe my exasperation threshold is 10% lower than everyone else's.

Over a lifetime, this not only adds up, it compounds. The Daily Reckoning crew often point out that "Life is won or lost at the margins". What separates successful people from the mob isn't one or two mind blowing qualities nobody can compete with, like an IQ of 192 or a trust fund the size of a third-world GDP. It's the margins, consistantly going just a little bit further, being a little bit more thorough, acting just a little bit sooner, most of the time, over time.

These little differences feedback into each other and as I said, compound. After a few years you notice the person who goes the extra 10% is a little ahead of his peers. He may be self-employed while the others are working up the corporate ladder. She may own her condo outright while the rest are chisling away at 10% down mortgages. At this point it still looks like little things and subtle differences.

Fast forward a decade, or more. The picture changes dramatically and the consistant margin player (not to be confused with the consistantly marginal player) seems light-years ahead of the pack. "Why are they so lucky?" People around them wonder. "Goddamn horseshoe shoved up his ass I tell ya. What's on TV? Pass me the cheesies, why is the remote way over there?"

I probably didn't invent this expression, so I apologize to whomever I picked it up from

Overnight Sensations are often 20 years in the making.

What makes it seem "overnight" are those margin plays, compounding for decades, 5% more dilligence here, 10% more elbow grease there, 7% more perserverance over there and a dash of extra tenacity all got together and exploded past critical mass at some point.

And the nice thing about it is anybody can put in an extra 10% anytime, anywhere. Do it all the time and you will come out ahead of the pack.

So the next time you ask you yourself "Why are they so lucky?", the answer is "Because you haven't built up a big balance of 'luck' in your own life".

But you can start now. The sooner you realize that you are the "somebody" in "somebody should...", your luck in life will abound.

Posted by Mark Jeftovic in Life, the Universe and Everything at 11:42

Monday, July 10. 2006

Enhanced DNS resolution using OpenDNS

OpenDNS is an enhanced DNS resolver open to the public (as of today) and free to use. It contains a number of enhancements such as typo correction and phishing protection.
It is also fully configurable for the end users, so individual features can be turned off at the users' discretion.
I've also posted a comment on CircleId explaining why OpenDNS is not Sitefinder 2.0
(By way of quick explanation to the layman, there are three kinds of nameservers that affect your life:Root nameservers: which top level domain registries operate, such as the root nameservers for .com or .caAuthoritative nameservers: for individual domains. This is the business easyDNS is in: answering DNS queries authoritatively for its member domains. Recursive nameservers or resolvers: these nameservers find out DNS info on behalf of its users. Usually these are transparent to end-users and supplied by ISPs, often via DHCP. OpenDNS is now in this business.)

Posted by easyDNS: Domain Industry Watch in via easyDNS blog at 17:04

Tuesday, July 4. 2006

When are "exit plans" necessary?

My last post led me to think about "exit plans". When we started easyDNS back in the late 90's, I thought "exit plans were for wimps". It made no sense. "Before you even get started, you're supposed to have an exit plan". It smacked of dotcom bubble thinking and that was something we were all hoping to avoid.

Over the years, the lack of an exit plan came back to haunt us. As it turns out, I think I now know when exit plans are necessary:

When there is more than one shareholder
When any kind of external investment occurs or is sought
When you're actually executing against a business plan

We never did have a unified exit strategy and whenever opportunities, offers or traps presented themselves, the lack of a unified plan amongst the partners pretty well derailed "liquidation events" before they ever got rolling. I think that overall we came out ahead as a result and this lack of planning ended up saving us from what were probably company-ending blunders. We got lucky in that respect.

But when the time finally came for the partners to really evaluate our life paths with respect to the business, we probably would have been better served to have agreed on an exit strategy going in and revised it over the years as our circumstances changed.

Now that I'm the sole shareholder in the business, there is no exit strategy, and I don't foresee one in the future. I'm grateful to be where I am today and wouldn't want to live my life any other way. The business for me isn't a job, it's a lifestyle (that dreaded L-word VCs despise) and I'm not executing against a rigid plan that calls for targets, milestones and an eventual liquidation event.

While I don't exactly expect to my daughter to take over the business (she is after all, only four months old and may want to do something else with her life) I like to think I may likely still be running easyDNS in 20 years, even though we may not be in the DNS business anymore (by then who knows what things will look like, computers may use some sort of quantum foam to find each other).

When you're fortunate enough to be able to write your own ticket, you don't need an exit plan and I think if you dwell on one you run the risk of "building to sell" or trying for a "quick flip" and even hardcore veteran investors and VCs think that is an unsound approach.

When multiple stakeholders are involved, part of playing nice with others is coming to an agreement over a unified exit strategy. Again, while you don't want to get too distracted over it (arguing over whether "the buyout number" should be 20 million versus 50 million is pointless if you haven't earned a dime yet), it should probably be done sooner than later.

One way to get it done early, without wasting too much time over it, is to create some basic "shape of deal" criterea and a formula to serve as a simple screen going forward.

Example exit strategy formula: Any buyout has to be a share sale versus an asset sale, be all cash and be a minimum 2X revenues or 7X earnings.

If your business gets anywhere off the ground, offers of some shape or form will come. Most of them will be distracting snipe hunts and a waste of time. Without a basic screening formula you and your partners may waste precious time and energy arguing over it, but with the formula you can quickly evaluate it and if it comes up short simply dismiss it and get on with running the business.

Posted by Mark Jeftovic in Venture Crapital at 23:13

Sunday, July 2. 2006

Better Living through Private World Domination

After reading Seth Godin's So What's Wrong With Small Business, it occurs to me that my blog's subtitle, describing myself as a "serial entrepreneur" may have been somewhat inaccurate.

"The distinction I've always made is that an entrepreneur is trying to make money while she sleeps, and does it with someone else's money! That she builds a business bigger than herself, that scales for a long time, that is about processes and markets. A small businessperson, on the other hand, is largely a freelancer with support, someone who understands the natural size of her business and wants to enjoy the craft of doing it every day."

I didn't quite know where he was going with this, but I realized that if that's what an entrepreneur is, if Other People's Money (OPM) is essential to the definition, then that's not me. The problem with OPM, I've personally found, is the "Other People" part. Not to sound like a misanthrope. Other People's Money comes with other people's expectations and the expectations of VC's, and external shareholders crimp my own objectives which are more about total personal freedom than leveraging OPM.

My "lifestyle" is important to me, and I've found over the years that "lifestyle" is a type of "L-word" to venture capitalists and other investors. They don't like to hear it from their prospects and if any of the founders cite their "lifestyle" as important to their future plans, that in itself can earn them an earmark as one of the founders who's gonna get fired down the road (in the inevitable purge that occurs after the VC's get the thin edge of the wedge into your company).

He continues:

"The more I see both, the happier it appears that small business people are. They often make more money, take fewer risks, sleep better and build something for the ages, something they believe in and can polish and be proud of."

This resonated with me and felt like a more accurate description of my circumstances. I've read some of the "Rich Dad" book series and having made the transition from the self-employed quadrant to the business owner quadrant during the course of easyDNS, I feel like I'm on the beam and living exactly the type of life I've always wanted.

The prospect of being some celebrity entrepreneur a la serial bankrupt Donald Trump does not excite me. And when I look at CEO's of public or VC funded companies, it seems like most of them have maybe 2 to 5% equity, and a Board of Directors who have the power to fire them, perhaps from the very company they founded. That doesn't sound like freedom to me, it sounds like servitude. It seems closer to Kiyosaki's first quadrant (that of being an employee). When and if that "liquidation event" finally comes, I think the above mentioned CEO, after all the special share prefs of the VC's get converted out, etc, they may wind up pocketing the same amount of money I'd walk away with if I sold out my 100% stake in the business now.

What does excites me is the idea of the Sovereign Individual. Having your affairs setup in manner where you are independent from the whims and pitfalls of OPS (Other People's Stupidity). This is accomplished by owning income producing businesses, assets and investments. One of my role models in this respect has always been my friend and mentor, the Atavist, who has owned a medium sized regional courier company for 35 years. When I met him he was piggy-backing a self-funded financial software company on his setup and today he's developing a property in Panama. The only people he's had to answer to are his customers and himself for decades, and that is a laudable state of affairs.

So while Seth summed saying in effect "Don't worry, I'm still an entrepreneur", I will sum up by saying that after thinking about it, maybe I'm not. So I've changed the subtitle of my blog from "Mark Jeftovic's blog for serial entrepreneurs and loose canons" to Better Living through Private World Domination.

"Private World" is an archetypical concept for me. Back in the early 90's when I was playing in a heavy metal, glam rock band called Landslide, our indie label was called "Private World Entertainment", so later on in the mid-90's my friend and I founded a technology company called "Private World Communications". The ideal of being fiercely independent, beholden to nobody was always my guiding vision. Today, one of my holding companies (and parent company of easyDNS) is Private World Domination Inc.

Thanks to Seth Godin for helping discover something about myself. No wonder he's a net.guru.

Posted by Mark Jeftovic in Living off the net at 18:49

Friday, June 30. 2006

Drink your own kool-aid and scatter some acorns

While I have always been quick to point out that there is no such thing as "the New Economy" I have to admit that several playing fields have been more than levelled in the internet age, they've outright cratered.

What makes a lot of the innovation possible is the drastic reduction in the opportunity costs of failure. Examples range from telephony to the recording industry. Where once a state-of-the-art SS7 telecom switching station cost several million dollars to construct, today you can pratically hookup a laptop with
SER and Asterix to a PRI card and be in the same business for under two thousand bucks.

Yesterday if an artist wanted to record an album, he usually needed major label backing and minimum several hundred thousand dollars went into one album, and even the indie cinderella stories spent in the 10's of thousands of dollars to record their sleeper hits. Today you can do it for, again, under a two thousand bucks.

So today in many cases we have virtually cost-free failure, and that fuels a lot of innovation. People don't have to bet the farm, max out their credit cards and mortgage their house in order to give an idea a shot. They can bootstrap, edge-in or hell, spend one afternoon coding and 10 bucks on PPC and they'll have a good indication of whether an idea may have legs.

Unsuccessful searches are opportunities in disguise

Out of all my ideas I realize the ones that seem to work best are those for which I have personal use for. Rather than sitting around trying to think up something to invent, I end up wishing for something I could use, right now. If it turns out not to exist, or at least I can't find it, the lightbulb goes on. My basic assumption is I am not the only person looking for this, but I just may be one of the few who will do something about it sooner than later.

This occurred to me yesterday when I was explaining the origins of easyDNS to a reporter. It's background was in another company where we kept running into the same problems whenever we added a new client and needed them to make changes to their domain name. So we built a system to solve this problem, and this tool took on a life of its own. Nobody remembers the original company.

Around the same time I was playing with what I called a "context-based junk mail filter", because I wanted something like that but it also didn't exist yet. A couple other guys joined in on the collaboration but eventually, it just petered out and died on the vine. But then one of the guys took that failure, refined it, made it into something new, and you may have heard of the result. It's called SpamAssassin

I'm constantly spinning out ideas and launching things and they don't always get off the ground. I have one website I launched last year and I'm the only person using it. It has lots of members, they never actually activate the service. I personally find it invaluable,but I consider the site, on the whole, to be a flop. It didn't take much more than some coding time and a server.

Failure in this context is no big deal and one person's failure may be an acorn for somebody else's grand slam.

So build things that you find useful for yourself. There is no shame in building yourself a tool even if nobody else uses it. Even if it stiffs, it may plant a seed that somebody else can run with.

It all adds to the sum total of knowledge and exerience.

Posted by Mark Jeftovic in Living off the net at 00:52

Tuesday, June 27. 2006

Want to reduce email spam to your mail server? Stop using backup spooling

It is with regret that we have come to the following conclusion, but here it is: Offsite backup SMTP spoolers and backup mail exchangers have become worse than useless
The problem is spam and the software that delivers it exploiting the weak authentication schemes inherent in the SMTP protocol itself. It used to be an annoyance, then it became a concern, it is now an epidemic and has resulted in the death of the offsite backup MX handler.
What happens is this: spammers try "dictionary attacks" on target domain names, trying to deliver email messages at random usernames at the target domain. The primary mailserver knows which usernames are valid and rejects the rest. The offsite backup MX spooler doesn't know what usernames are valid and what are junk, so it just forwards everything it receives for a domain it is spooling for to the primary MX handler.
Spammers and other malicious parties know this, so they may not even bother trying the primary MX at all, they'll just throw everything at the backup mail spooler which dutifully forwards it all (or tries to) to the primary. It is a dead-easy method of launching a Denial-Of-Service attack as well.
So it is with a heavy heart we have to admit that any utility of having an offsite backup MX handler is in most cases far outweighed by the advantages it hands to spammers and other miscreants.
The good news is this: without a backup mail spooler defined for your domain, originating mail servers simply queue the mail locally for a later retry. So owing to the design of the SMTP protocol, you do not really lose any redundancy when you remove a backup MX spooler from your DNS settings. But you probably cut down on the amount of spam your domain receives through the back door that is the backup MX spooler.

Posted by easyDNS: Tips and Tricks in via easyDNS blog at 16:33

Friday, June 9. 2006

Shareholder Agreements for Start-Ups

If there is a single piece of advice I can give to anybody starting out down the entrepreneurial path with a few friends or partners, it is this: get independent legal advice before you sign your shareholder/partnership agreement.

This document will be the most important legally binding contract in your life, especially if you succeed. My first time through for me was a lesson in what not to do. We had a VC term-sheet before we even launched, so we had to incorporate quickly and we made some serious errors:

we grabbed the nearest lawyer instead of asking around for a good one.
he pushed what he called "a standard cookie cutter" agreement in front of us and assured us "it was fine for our purposes"
we didn't each seek outside legal counsel
we signed it

Years later, when serious money was involved and trouble inevitably followed, we each had a rude awakening when we took it to real lawyers (now that we could afford them) and found out what we had actually signed on for. ("Complete bag of shit" is how my lawyer usually referred to it).

This was a clear cut case of springing for a few extra bucks up front would have saved ten's of thousands down the road, not to mention months of grief. Fact was, I was too cheap and too timid to spend 500 bucks on a couple hours of competent legal time at the beginning. Had I done so, and then had the balls to return to the table and say things like "The shotgun clause needs to be reworked", "There's no easy way out of this" or "This thing handcuffs us together for life and I don't want that", for a bit of awkwardness, time and money we would have prevented enormous problems later.

I consider the first shareholder agreement I ever signed the most expensive (albeit educational) mistake I've ever made.

Posted by Mark Jeftovic in Venture Crapital at 14:05

Tuesday, June 6. 2006

Forget Ajax, a look at two good blog tracking and SEO tools

Yesterday I blogged about AJAX, and other uses aside, how I don't think it's useful as a selling feature and mentioned MyLongTail.com as an example, and then I mentioned MyBlogLog.com as another site in a similar niche.

First, as I've commented before (somewhere), the speed at which search engines and specialty filters index and disseminate has reached the point where it happens in near real time, as the comments to yesterday's post illustrate. MyLongTail's Mike Levin left a couple constructive comments within hours and I woke up this morning to find a third comment from MyBlogLog's Eric Marcoullier . Both of these guys no doubt do what any savvy website operators do nowadays, and monitor for mentions of their services via sites like technorati or google alerts. I've found these services to be invaluable for tracking references to my business and my band. On one notable occasion it helped me head off a complete misunderstanding which could have easily snowballed into a PR debacle.

Mike Levin posed the question "Do I get it?" with regard to what MyLongTail actually does, and Eric Marcoullier hoped I would give MyBlogLog a try and it became clear to me I didn't do either of them justice in the original post: I already use both services:

MyBlogLog: is a great tool if your blog resides on a third party server like Blogger or Blogware, like mine did until the weekend. Because you don't have access to the server logs, you get some overview type stats from within the blogging app itself, but MyBlogLog gave me the fine detail on exactly where the hits where coming from, and where the outbound clicks were going (more on this in a second). So I wasn't a hard sale after the three day test period to become a paid subscriber at the premium level ($3 a month, via Paypal)

So then I moved the blog onto one of my own servers for various reasons and I thought I wouldn't need this service anymore. But on a lark, I plugged the code into my new blog and things got even more interesting for me because of the outbound link tracking. Most of my blog posts contain very few outbound links, so before the move, these statistics weren't terribly interesting for me. But under the new blog setup (using Seredipity with all the third party bookmarking and tagging links enabled), I was surprised to be able to see a nice breakdown of the tagging and bookmarking action around my posts. So I'll happily keep my premium subscription here and will likely add another for the easyDNS company blog.

MyLongTail: The value proposition behind MyLongTail is that is analyzes every inbound hit and search hit and looks for keywords that reside "in the long tail" where it thinks you may have some underdeveloped potential and makes recommendations. The underlying premise is if you write more about those underdeveloped phrases you will incrementally improve your organic search traffic, I hope Mike Levin doesn't mind me hotlinking his graphic to illustrate his point:

Everything I said about AJAX aside, MyLongTail uses it to display the inbound hits to your site in realtime, which is interesting for my company site, which, accordingly to MyLongTail analytics, gets 46.5% of its search engine traffic from our top-10 keywords and the rest (53.5%) from within the long tail.

But for my personal blog, watching inbound hits in realtime would normally be about as interesting as watching paint dry. Usually it only gets a smattering of visits per day.

But owing to fact that today is 06/06/06 TEOFTWAWKI day and as I mentioned over the weekend, a blog post of mine from last year comes up #1 in google's organic search results for various "June 6, 2006" phrases, MyLongTail is getting a nice workout the last few days. 1000+ uniques on saturday, 2400+ sunday, over 8500+ yesterday to what I expect to be a blow-off high today, there is lots of fresh data going into MyLongTail to analyze and I was expecting it to be heavily skewed by this 06/06/06 hysteria. So out of all this, it has so far recommended "sovereign individual" as an under utilized search term for me. Well done. This is a topic near and dear to my heart and something I'd have no problems writing more about. I would have never thought to target it as a phrase specifically.

So I see value in both of these tools. MyBlogLog is a sneeze at $3/month andMyLongTail is still in a free beta, but all indications are I'll stick around once it goes over into a pay service.

Posted by Mark Jeftovic in Tech Wreck 2.0 at 14:00

Monday, June 5. 2006

AJAX Heresy: It's not a feature and nobody really cares anyway

Lately I've been hacking around with AJAX. Most of the time AJAX is used for little more than eye candy but I thought I had found a situation where AJAX would do actually something novel and solve an existing problem.

The problem is on our universal whois lookup site: easyWhois.com, where it has sporadically run into problems over the years where one registrar site or another (*cough* cough Netsol *cough*), would block us for "excessive queries". The idea was to use AJAX to push the query back into the client's browser, instead of doing it from easywhois. The server would be more of a switching station: it would grab the domain to be queried from the browser, find the appropriate whois server for it, send that back to the client who then would connect to that server and conduct the query. Nice, easy, simple and has the effect of difusing all the whois queries across the client IPs instead of at the central server, vastly reducing, if not eliminating blockages at remote registrar whois servers.

So it literally took 30 seconds to get Rasmus [Lerdorf's] 30 Second Ajax Tutorial working and begin to understand what all the hoopla was about. A couple of other Ajax examples later (here and here) and the entire idea took a hit. The idea in it's original form won't work because the javascript XMLHttpRequest only lets me do HTTP GET and POST method connections (as the name would imply). There doesn't seem to be anything like PHP's fsockopen() available to me to get the client to open its connection to port 43 (the whois port). I'd have to use something like Java, and if I did that I may as well load the entire application in there, never mind Ajax.

Throughout this process something became clear to me which I think is perhaps lost on a few people, Ajax is a tool, period. Granted that it is an essential component of "the Web 2.0 Kool-Aid", it is not a feature and I don't see it as an end-user selling point. It became even clearer as I explained to my wife (who is far more technically adept than the average person) what Ajax was and did and watched her eyes glaze over. And it wasn't an incomprehension glaze over, it was a "who cares?" glaze over.

"Ajax allows one to create bi-directional communications from the client to the server without page refreshes"

0.0001% of the population: Wow!

Everybody else: *yawn*....what's a "page refresh"?

So in the course of all this, and what inspired this post, was MyLongTail.com which is self-described as "The first AJAX based system for Search Engine Optimization". Something I came across co-incidently during my foray into Ajax and which hammered my point home for me. MyLongtail seems to be along the same vein as MyBlogLog.com, in that they are both search engine keyword trackers and IMHO, offer a subset of something like Indextools, which uses the same approach of embedding javascript into the remote pages to collect data and has been around for years.

But I digress, so MyLongTail talks up it's Ajax-ness. If you look at their signup form, you really see a good application of Ajax in form validation. This in itself makes Ajax worth the price of admission because I can see this being a very effective means of providing less cumbersome form validation and probably drastically reduces form abandonment. Who wouldn't want that? Answer: nobody. Roughly the same number of people that would actually care that the technology that enables this is something called Asynchronous JavaScript and XML, a.k.a "AJAX".

In short, I don't see the point in trying to turn your tools into features. We use all kinds of various tools to provide our services and most of our customers couldn't care less what they are. They just want the box to go "Bing!" when they press the "Bing!" button and the rest is our problem.

It is beyond the scope of 99.9% of web users to even be aware of what Ajax is, and of the remainder, less care.

Posted by Mark Jeftovic in Tech Wreck 2.0 at 15:46

Friday, June 2. 2006

June 6 prediction nailed, another example of the long tail of blogging

About a year ago I blogged about the approaching June 6, 2006 date and owing to its MM/DD/YY date string I predicted that a lot of rubbish was going to surface in form of conspiracy theories around this date.

It looks like I was right, just a small sampling of net.kookiness brings all kinds of hyperbole from the lunatic fringes of the internet like June 6, 2006: 6 Things You Must Know, the Left Behind folks are releasing The Rapture on June 6, and even mainstream Hollywood is re-releasing The Omen on this date.

What I didn't expect was that my original blog post would become the #1 organic search result in Google for various June 6, 2006 related terms and that over the last few weeks, there have been a lot of those and they've been accelerating.

A quick look at some of the search terms people are using include:

june 6, 2006
june 6 2006 the end?
end of the world june 6
june 6, 2006 and 666
6th of june conspiracies
what is going to happen on june 6 2006
june 6 2006 end of world
earthquake prediction june 6 2006
significance of june 6, 2006
world ending on june 5th
wwiii 666
june 6 2006 bible

and the list goes on. It's pretty interesting. I moved the blog today (wanting to get a handle on all the trackback spam I was getting on the old one, and to put it on one of my own servers), and I'm now tailing the access logs in realtime. Over the last few weeks it was getting up to a couple or few hundred visitors per day to this 1 year old blog post (the average post on my blog gets maybe 5 or 6 visits a day), and I think today it will go over the 1000 uniques mark, I expect a crescendo of activity leading up to D-Day next week (pun is very much intended).

Anyone concerned that the world may end on June 6th should bear in mind there was another subculture of net.kooks who were pretty convinced there would be an asteroid hit on May 25th, and some of these people (as I've remarked before), seem genuinely disappointed that it didn't happen. They keep their hopes up. Maybe the asteroid will hit week.

Posted by Mark Jeftovic in Nutjob Watch at 13:46

Saturday, May 20. 2006

Useless mash-up between pdns pipe backend and md5

I've had the idea to do some tinkering with powerdns' pipe backend for awhile and had decided to rig up a quick and dirty MD5 encoder/decoder database on a domain I've had for awhile MD5.ORG
So it was pretty easy. Now anybody can quickly get an MD5 hash on any string that'll fit inside a DNS query packet by doing something like:
host -t txt .to.md5.org
or the slightly less readable
dig -t txt .to.md5.org
Then for completeness you can try and see if we already know what string creates a given MD5 hash and retrieve it using
host -t txt .from.md5.org
There is not a lot of practical value to this, it was just a neat hack to learn the basics of the pdns pipe backend, which I like a lot.

Posted by Mark Jeftovic in Hacking tech at 16:20

Wednesday, May 17. 2006

Obligatory mesh web 2.0 conference post

I decided to attend the Mesh web 2.0 conference since it was taking place within walking distance of my place. I had better blog that now, since I brazenly left my laptop at home when I went (convention faux pas).
The question that I always have is what the hell is web 2.0 anyway? And how is it different from web 1.0?
There was a predictable mutual admiration club forming over blogs, tagging, social networking, RSS and communities. "100% authenticity" was being bandied about in a lot of overheard conversations.
Now that "web 2.0" is heating up as defined by a series of high profile aquisitions, it seems to me like web2.0 is really just "bubble v2". Another wave of start-ups whose business plan revolves around "social networks", "community driven", "100% authenticity"..."and then we get bought by Google or Yahoo". Sound familiar?
The "Does Web2.0 Need VC" panel with Rick Segal the celebrity blogstar VC from JLA Ventures and Jason Fried, of 37signals.com, the non-VC funded, profitable company from Chicago, was refreshing.
It was refreshing because both Jason and Rick recognized that profits and revenues count for something, and Rick's "Don't take VC if you don't need the money" was advice well received. Rick Segal, BTW, is one of the "good-guy" VC's in this world, and I've always had a very high opinion of JLA Ventures. I've also bought Jason Fried's Getting Real because I was impressed with what he had to say (don't take VC if you can help it, in today's market its more than doable to bootstrap your business, charge for your products/services, and you don't have to move to the Valley to be in the tech biz)
I remember the startup.com movie, where the guys were so smug and proud of their first round financing I remarked to my girlfriend (who is now my wife), "I think these guys have their first round financing confused with revenues."
Now that the whatever 2.0 bubble is in full force, there is a little bit of that circulating still and I am always grateful when a panel throws some cold water it.
I remember during tech-wreck 1.0, when companies were failing left, right and center, VC was drying up and shareholder value was evapourating by the billions, I got an email from somebody at RobTV asking me if I would be interested in appearing on a forthcoming "venture capital" episode, where I would have the opportunity to pitch the members of their VC panel to invest in easyDNS
I replied back with a different idea. How about instead of the same old "grovel for the VCs" I bring along 4 years of company financial statements demonstrating growing revenues and profits and the VCs can pitch me on why we should take their money and let them get their mitts into our profitable company?
I never heard back from them.

Posted by Mark Jeftovic in Tech Wreck 2.0 at 09:54

Saturday, May 13. 2006

ibill's business model: screw your customers, spam their customers

A couple years ago I subscribed to Kirt Christensen's "Buying Web Businesses" for about a month. I didn't renew my subscription and haven't given it much more thought, until today.
Today I got a porn spam in my inbox from "gspotnews.com". I recognized the email address I received this to as the one-time address I used when I subcribed to Kirt Christensen's website. I took a look at the fine print at the bottom of the email and saw this:
You are receiving this Monthly Newsletter because you provided us permission
by agreeing to our privacy policy when you signed up for an Internet service/product thatis billed by our company.
If you feel that you are receiving this email in error,or wish to no longer receive this newsletter in the future, please click here to unsubscribe the following address: DELETED@DELETED. Please allow 48 hours for the unsubscribe to be processed. Thank you!
Ibill is an internet credit card processing company. It looks like they have decided that it is ok to send porn spam to their customers' customers.
This goes off the charts in terms of of sleaziness. I emailed Kirt Christensen that his credit card processor is spamming his customers, we'll see if he cares.
In the meantime, a quick check of the mailer logs on easydns revealed a few hundred gspotnews spams going to other easydns members, so now my customers are also receiving this garbage, probably because in the past they also paid for services online to a website using ibill to clear transactions.
So gspotnews.com and ibill.com are now banned from our mail forwarders. Thanks for being on our show.

Posted by Mark Jeftovic in The Sleazemeter at 21:21

Friday, May 12. 2006

When marketing crosses over into deceit

Today, for the second time my bookkeeper put something on my desk that gave me pause. She is usually pretty good at weeding out ads and solicitations and filing them into the paper shredder, but a couple weeks ago, and again today she put a plain white envelope on my desk, my name and address had been typed off of what appeared to be a typewriter. No return address.
Inside is what at first glance appears to be a single page, ripped out of a magazine, with an article about executive planning or in today's case, public speaking.
An ordinary post-it note is affixed in the upper right corner:
Mark, Try this.
It works!
-J
The first time this happened, I was perplexed. What is this and where did it come from? The original article was about how busy execs can balance career and family and as a new dad, this appealed to me. How considerate my anonymous friend was!
Who to thank? I emailed to the two people I know who's first initial is "J" asking them if they took the trouble to cut an article out of a magazine and postal mail it to me.
They both promptly emailed back, making the same wisecracks about "early onset Alzheimers" but to their knowledge. neither of them knew what the hell I was talking about.
So I looked closer, going so far as to pull an old file out of the cabinet and comparing the handwriting on the post-it to that of a former colleague here who's name also begins with "J". No match.
Back to the article, finally I see it, the word "advertisement" captioned at the top of the article. The coupon for "Executive Focus" that just happened to be on the back page was not so co-incidental. The copyright notice was "© 2006 Personalized Promotion by Briefings Publishing Group".
This was an elaborate ruse.
At first I was impressed. This marketing effort not only had me seriously considering subscribing to their magazine (because as a new dad, I am very much interested in time management and lifestyle balance issues) but even had me email two friends talking about it!
That seemed impressive until it dawned on me that the "success" of the campaign rested on the fact that I had been deceived. Fooled into believing somebody who knew me personally took the trouble to mail me this "article" (hindsight: most of my friends would just shoot me the URL via IM or email, come to think of it, the only person who postal mails me hard copy are the newspaper clippings my mother sends me), they hoped to trick me into subscribing to their product.
In short, the whole thing was a clever, unique con job. Not a good way to try to start a business relationship with me.

Posted by Mark Jeftovic in The Sleazemeter at 15:44

Monday, April 24. 2006

Life's inevitable ironies, twists and turns

I haven't blogged for quite some time. The longer I'm away from blogging, the harder it is to get back in because I feel a need to adequately write about all the events that transpired in the interim, those which kept me from writing. It's such a daunting task I put it off until I break down and usually dispense with the entire gap in once sentence:
I'm a daddy, I have baby daughter now.
Enough said.
Now that I'm a parent, I find myself marvelling at the twists and turns my life has taken to get me to this point. The point where I find myself looking into the 7-week old eyes of a newborn infant who flashes that dazzling smile of hers which simply floors me and thinking: there's a little baby soul in there, and that soul needs her daddy, and that's me.
Speaking of life's ironies and twists, I choose today to resume blogging because Bob Rae is expected to announce his candidacy for the federal liberal party. The man led the socialist NDP to a one-term government in Ontario which took the province from a surplus to about a 27 billion dollar deficit in 5 quick years wants to run the surplus running, federal debt-reducing libs. Man that's weird.
The other weird thing is when Rae was premier he wrote a little song called "We're in the Same Boat Now", a joyful ditty about multi-racial harmony, and submitted it to Sony Music for publication and was laughed at publicly.
Always the opportunist, I jumped on the situation and the heavy-metal band I was in at the time, Landslide, recorded a power-punk version of that song and released it to the media for a very fun, albeit short-lived, moment in the sun for our band. (We predictably distingrated shortly after that).
I still have 7" singles of our rendition of Bob Rae's song, and I recently managed to snag the landslide.ca domain name, so I think I will quickly throw a website up there and put the old Rae ditty and the other Landslide tunes up for posterity.

Posted by Mark Jeftovic in Life, the Universe and Everything at 15:16

Thursday, April 20. 2006

Seeking beta users for easySMTP: outbound mail service

We have been testing our outbound mail service (codenamed "easySMTP™") and it looks good. It supports TLS and listens on numerous alternative ports.easySMTP outbound mail service will be bundled with DNS-plus packages at no extra cost.
We are now accepting beta users for this service. If you would like to be a beta user and are currently subscribed with DNS-plus service, please contact support with your username and we will enable this feature for your account.
Many of us here at the office have been using this from home and it works great, so we anticipate a short beta period and a quick promotion to "production" status, at which point it will be available to all DNS-plus domains.
Details on the easySMTP outbound mail service can be viewed here

Posted by easyDNS: of Interest in via easyDNS blog at 11:41

Tuesday, February 28. 2006

China Top Level Domain news

There has been a remarkable lack of chatter today around domain policy circles, given the rather stunning announcement out of china that starting tomorrow, China will be launching its own Top Level Domain roots for the .COM, .NET TLDs so that "[Chinese] Internet users don't have to surf the Web via the servers under the management of the Internet Corporation for Assigned Names and Numbers (ICANN) of the United States."
Up until now, the underlying premise was that no matter what happened to naming policies, nothing would ever be done to change the tenet that (aside from deliberate design decisions like esoteric routing, geo-targetting, anycasting, etc) any two people typing "example.com" into their application could always expect the same results, forever.
Not so after tomorrow, when according to the one single article at the root of all this, China will be introducing .COM and .NET of their own.
CIRA Board member and internet governence commentator Michael Geist comments on the development here, and another domain insider I'll leave nameless (since it came in a private mail) saidAlthough innocuous you should mark and remember this day as the day the root
was fractured - it is a big deal....
I'm still trying to verify for myself that this is happening in the way it's been interpreted.
As I write this, it's approximately 2:45am March 1st in China and I'm not seeing any alternative root glue for .com or .net in the .cn root nameservers, which I was expecting to see. (It also begs the question: how will they backport a new root hints file into every single DNS resolver in the country?)
When I started this post, the soa on cn was
a.dns.cn. root.cnnic.cn. 2006022806 7200 3600 2419200 21600
and since I've been writing it has been changed to
a.dns.cn. root.cnnic.cn. 2006030101 7200 3600 2419200 21600
And also, since I've started this post, under the new SOA serial there are now these:
$ host -t soa com.cn
com.cn SOA a.dns.cn. root.cnnic.cn. 2006030101 7200 3600 2419200 21600
and
$ host -t soa net.cn
net.cn SOA a.dns.cn. root.cnnic.cn. 2006030101 7200 3600 2419200 21600
So I'm withholding reaction on this as I begin to suspect a poorly translated article was in reality announcing .com.cn and .net.cn subdomains which are non-events by comparison.Update:
It has become clearer after trading a couple emails around that the news is indeed that China has added com.cn and net.cn as well as their own alternate character set implementations for com and net.
Basically, this comes down to similar efforts over the years to launch competing or expanded root domains. What does make this interesting is that, while typically these enterprises are carried out by net.kooks, this is being done by a government. My guess is they will get some more traction than earlier efforts but what will eventually happen is ICANN (or whoever) will come to the table at some point and a way will be negotiated to maintain visibility and continuity in the root.
But for now, there is no fragmentation and no collision crisis to speak of. Update #2 (7:30pm EST):
Michael Geist just forwarded me this, the salient bit being:
The new domain name system also sets three temporary top-level domain names "China", "Company" and "Network". This means from now on, the routing of these websites will go directly through the Chinese domestic analysis server instead of the ones used by ICANN. In effect, these three create an intranet within China.
This is tough to assess because I'm still unsure if this applies to the alternate character set com and net TLDs or if we're really talking about alternative com's and net's in China, which is pretty radical.This article re-iterates that the .com and .net TLDs are in the alternative chinese character set.
The excerpt above about the "domestic analysis server" makes me curious. Do they intend to somehow reroute requests inside China for the legacy .com and .net TLDs into the chinese charset ones? That would be extreme.
Another source whom I know likes to stay anonymous just emailed me:
Subject: sigh
I'm so surprised people didn't know China directs almost all root server requests to their own root?
They may not be taking over .com. but they have an alternate root for a while now..
Still digging...(jeez, no pun intended)

Posted by easyDNS: Domain Industry Watch in via easyDNS blog at 06:32

Monday, February 6. 2006

Yahoo and AOL's paid email delivery system

An interesting turn of events surfaced over the weekend with AOL and Yahoo's announced plans to charge a fraction of a cent for "preferred delivery" of email.
Both companies will still accept unpaid email, but by paying the charges, senders will be able to bypass inbound spam filters and have their mail delivered directly to the user's inbox.
The predictable backlash will come from this, but in terms of what we think about it here at easyDNS, we're ambivalent.
We should go on record to our users now to state that we will not pay AOL or Yahoo on a per-email basis to get forwarded mail through. Mail passing through our forwarders will still be accepted by Yahoo and AOL, but if they add additional restrictions to it based on the fact that we haven't paid for preferred delivery, I foresee a mass exodus of email accounts from both services.
We are currently whitelisted by AOL, and I would even consider paying a monthly or annual license fee for that status based on our mail volumes, it would help us further differentiate as a premium domain manager and provide incentive to ramp up our spam filtering here (we're working on that as we speak). But the per-email delivery charge doesn't fit the model for mail forwarders and I see few, if any eager to assume those fees.
As mail forwarders, we're largely indifferent to where we forward our members' email to and our entire value proposition is based on the concept of giving our users the ability to route their email around network outages, localized ISP failures, and procedural and commercial roadblocks such as this.

Posted by easyDNS: Domain Industry Watch in via easyDNS blog at 08:34

MyPrivacy upgrades and new features

The MyPrivacy.ca whois-record-spamguard system has been upgraded to new hardware and now supports personalized whitelists.
This means individual users can add their own whitelists, either email based or hostname based, which opens myprivacy.ca up to much more flexibility beyond protecting your whois records.
An myprivacy.ca accounts are still free.

Posted by easyDNS: of Interest in via easyDNS blog at 08:31

Monday, January 30. 2006

The bubblelicious benchmarks of ROI in Google

For amusement I have been watching the share price of Google for awhile now. I remember being taken aback at the lunacy of it all when I heard the CNBC cheerleading squad call for $400 back when it was still in the $200 range.
Well, it's been trading above $400 for quite some time now and the other day on a long car drive I did some back-of-napkin calculations to compare what gives you the greatest ROI from Google.
First, some review (at least I hope this is review
The object of investing is what? It is to obtain an adequate return on capital commensurate with the risk.
Why does one buy a stock? Trick question. Most people will say "to sell it a higher price", buy low, sell high, etc. This is why most people buy stocks, and in case you didn't notice, most people lose money in the stockmarket.
You buy a stock to gain ownership in a business, and thus to partake in a portion of its earnings.
Circling back to the top and closing the loop: you make investments in order to generate returns on those investments. Remember that as we work through the following:
Google's Adsense program is truly ubiquitous across the internet. Nearly everybody has those contextual text ads on their websites and they are a true bonanza for content and forum related sites. Some people are making truly stupendous amounts of money monthly from Adsense revenues.
Take a website that earns a steady $25/day in Adsense (I know a modest website that does this much and its far closer to the bottom end of the ladder than the top). That's $750 month, or $9,000 a year in income. Lets figure $100/month for a server and bandwidth, you're looking at net $7,800 annually in free cashflow, paid monthly out of Google and to the website owner.
Now, Google is currently trading at a p/e multiple of about 95 (!). So it's earning about $4.50 share. Divide 4.5 into 7,500 to arrive at the number of shares of Google you would need to own to get the same earnings = 1,666. You would need to own 1,666 shares of Google to derive the same earnings as our hypothetical website earning $25/day via Adsense.
1,666 shares of Google would cost you $713,731 on the open market today.
Which gives you the better ROI? Owning shares in Google or owning a website that earns income via Google Adsense?

Consider that there is a fairly liquid marketplace for revenue generating websites and current valuations are anywhere between 1 to 5 years' revenues. Even at the top valuation, you should be able to buy an established revenue generating website earning $25/day for around $40,000.
I think this may be the internet equivalent of the "inverted yield curve" as we see an alternate method to extract cold hard cash out of a company trading at nearly 3-digit earnings multiple that doesn't even pay dividends.

Posted by Mark Jeftovic in Living off the net at 13:57

Friday, December 16. 2005

Ebay's move to free and grokking PHP's Services_Ebay

Ebay made a very smart move recently and removed most of the costs associated with their developer platform. I think this will bring a lot of innovative new services to the market as the barrier to entry is now largely technical and not financial.
One of the reasons Amazon's AWS and affiliate program is so ubiquitous across the net is largely due to two things: 1) the depth and stickiness of the Amazon site and 2) the free access to their affiliate and AWS services.
Ebay has one of the few sites whose depth and prevalence approaches that of Amazon, although a back-of-the-napkin comparison shows Amazon dwarfs Ebay in backlinks by about 28 million to 6 million.
I started playing with PHP's pear class Services_Ebay and after some struggling, I finally have a handle on it and thought I'd post some of the "aha" links which helped get me there.Programming eBay Web Services with PHP 5 and Services_Ebay covers getting up and running. Here are a couple of handy calls to know:

```
$session = Services_Ebay::getSession($devId, $appId, $certId);
$session->setToken($token);
$call = Services_Ebay::loadAPICall('GetCategories');
$call->describeCall();
$result = $call->call($session);
print_r($result);
```

The describeCall() describes any method you care to load via loadAPICall() and you can see the complete list of methods in the package via getAvailableApiCalls()
The describeCall() output links to the eBay Developers documentation on the given call.
For example, getCategories() is documented here, which explains which parameters to pass to obtain the version number of the current category list and what to pass to dump the entire category tree.
One silly problem I ran into wass, how do I pass the parameters to the getCategory() call? It took me awhile because I couldn't find it via googling so I had to experiment.
Turns out it's

```
$session = Services_Ebay::getSession($devId, $appId, $certId);
$session->setToken($token);
$ebay = new Services_Ebay($session);
try {
        $args = array('DetailLevel'=>1,'ViewAllNodes'=>1,
              );
    $result = $ebay->GetCategories($args);
    print_r($result);
}  catch (Exception $e) {
    echo "Something went wrong.";
    echo $e;
}
```

If you're going to cut your teeth on the getCategories() call like I did, remember to lift the default 8M memory limit on your script when you dump the entire tree.
So I'm looking forward to experimenting with this API.

Posted by Mark Jeftovic in Hacking tech at 22:21

Tuesday, November 29. 2005

Why I want free markets and honest money

This post was gelling in my mind prior to yesterday's fall of the Liberal government, but now that every political hack in the vicinity is going to bombard me with lies promises for "change" I'll outline the kind of changes we need to see and why there is no politician equipped to attempt to deliver it.
I'm currently reading two books: Empire of Debt by the Daily Reckoning's Bill Bonner and Addison Wiggins, and The Monetary Elite Vs. Gold's Honest Discipline by Vincent LoCascio, whom in an act of supreme flattery, sent me a copy asking for my thoughts.
The former cautions against the folly of "world improving", proving the old adage of the road to hell and demonstrating how the unbridled fiscal disaster looming in the world today is a direct consequence of a desire to think up what is best for other people, and then setting about to impose those improvements upon a hapless world.
The latter argues for "honest money", describing in excrutiating detail why what we have today is anything but, and why as a result of this, markets are not free the system is not stable and that things we take for granted as "normal", such as inflation and boom-bust business cycles, aren't. They are symptoms of an abberant monetary system.
When I reflect on material such as this I realize that at heart, I'm a free market conservative in a lonely place. It's loney here because what passes for "free markets" in this day and age are really heavily rigged ponzi-schemes based on debt financing, and what passes for "conservatives" are actually magical thinking "New Economy" flakes using pixie dust to cut taxes, goose spending, borrow more money than is made and somehow come out "wealthier" on the other end.
Ideologies are dangerous things, but as a political animal I find myself in abject disagreement with the status quo in the West today, how things are run, what is promoted as "beneficial" and what are true motivations are, that I find myself frequenting the fringes of the political sphere, places where eccentric libertarians hang out and even other places where left leaning collectivists gather to "stick it to the man".
This latter group misunderstands free-market economic conservatism as much as the fake, conservative wannabees do themselves. I'm sure if they understood it, they would embrace it.
Dishonest money booby-traps the system.
Honest money would mitigate what I call "the rampant pursuit of money" (i..e "Rampant Capitalism"). Rampant Capitalism is not greed for greed's sake but it is a horrible, unnatural side-effect of a dishonest monetary system.
Because of inflation, which always recall is neither natural or inevitable, earnings and savings are eroded. It is a form of theft. If you go out and make a million dollars, you can't just take it off the table and retire. Especially if you're reasonably young, say under 50. Odds are you'll outlive your money because it inexorably loses its purchasing power over time, thanks to politicians and bankers who keep devaluing your million dollars by endlessly printing up billions upon billions more and then buying votes with it.
Business owners and entrepreneurs tend to understand this more acutely, and the only "cure" for this is to try to invest any retained earnings or savings into investment vehicles whose rate of return is higher than the inflation rate. This is exacerbated in today's climate where interest rates are held artificially low and the widely reported inflation rates are routinely manipulated to make them more palatable (i.e. reporting them ex-food and ex-energy because nobody eats or heats their home). The result is a treadmill and short sited investment horizons which blur into daytrading and speculation.
Money that would have been well enough left in a savings account somewhere and preserving its buying power for a generation joins a frantic lemming-like rush around the world for returns on investment exceeding the destruction wrought by inflation: carry trades evolve, leverage is sought through margin, complex derivatives arise, it becomes "hot money".
A dumbed-down picture of the cycle, as enabled by dishonest money and world improving looks like this: A politician steps forward to tell us what his vision of what is best for everybody is.He makes promises so that if many people back his vision, he will distribute money from the few to the many (this is the only way the economics of vote buying works)The politician is elected and he proceeds to improve the edges of the empireMoney is created to pay for the votes (promises, entitlement programs)More money is created to finance the improvement of the world (wars are expensive)next electoral cycle startsafter a few of these, the next boom-bust business cycle starts
I think that complaints about "rampant capitalism" and "unbridled market forces" are really complaints about things that impede free markets and if leftists understood that, they'd turn into libertarians overnight.
When collectivist systems fail it usually reveals the folly of central planning and how it is often the most clueless way to try to organize a society.
So the failings in capitalism and socialism turn out to have one common element: a government run by a panel of short-sited monkeys deciding what's best for everybody else.
I think where libertarians differ from leftists is that the former understand that governments are part of the problem, and the solution is a minimal government whose function shouldn't stray too far beyond protecting the rights of the individual,

while leftists don't like the governments that routinely get elected and think things will improve drastically if their idea of a big government was able to run the show for awhile.
My personal belief is that it is illogical bordering on delusional to think anybody knows what's best for anybody else. It's hard enough getting through your own life without getting smucked by a car on the way home from work, how are you supposed to know what everybody else is supposed to do?
Get rid of 99% of the government, make money honest, and everybody mind their own business. What could be so hard about that?

Posted by Mark Jeftovic in Armchair Analysis at 16:15

Monday, November 28. 2005

Domain suffixes not an endangered species

I've seen several references to the firm that wants to get rid of net suffixes over the weekend, and at the risk of sounding like a stuffy curmudgeon I have to state my suspicion that it is at least partially attributable to a "slow technews weekend" after the US Thanksgiving. From monday morning's vantage point this outfit's 15 seconds of fame have probably already expired.
At first glance I thought this was another doomed protocol to sit on top of the DNS layer like the long defunct Realnames but further reading reveals this to be just another alternate root server initiative.
Whenever these things are brought to my attention I am quick to concede a few points:There is nothing revolutionary or innovative about creating an alternative root structure. All it takes is a nameserver. You can load anything you want into your root hints file and then try to convince people to use it.The current state of the DNS and the internet naming structure is built entirely on consensus and held together by convention. Thus, it is theoretically possible to alter consensus and change convention.There probably exist already "private" roots outside of the legacy namespace which are not visible to the world at large and this is intentional and by design (most VPNs can fit in the category but I suspect there are "pseudo-public" ones. My theoretical example has always posited the existence of a .CDC root for the Cult of the Dead Cow hacker group)
In practical terms, all you have to do is convince every nameserver operator in the world to change their root hints to [insert magic bullet solution to all the world's naming ills here] and if enough parties do it, absolute chaos will reign supreme until 100% uptake is achieved.
100% uptake will never be achieved. I have a friend who once made an apt analogy: "convince every car owner in the world to change their tires on the same day".
Thus, the best an alternative root structure can hope to achieve is to cause permanent and lasting damage, to in effect "break the internet".
If not enough parties do it, it will sink into the internet graveyard where all the other alternative root structures go to die. (It is a place that runs exclusively on IPv8 and INEGroup's Bindplus software has a de facto monopoly)
People may ask: Would easyDNS "support" these alternative roots? Our reply is that we'll provide DNS for anything our members want DNS for. If you want to give some company $1000 USD to register "mycompany" as a Top Level Domain in a namespace nobody else on the planet can see, we'll provide DNS for it on request. It's your money. (We will caution you up front that this borders on vapourware) but to us it's just another zone in our nameservers (one that doesn't get a whole lot of queries).

Posted by easyDNS: Domain Industry Watch in via easyDNS blog at 10:01

Friday, November 25. 2005

Thieves and other opponents of property rights lament ETR ruling

I was driving to an appointment last night listening to talk radio and heard whiner after whiner complaining about recent court decision that empowers the operators of the privately owned and operated ETR (express toll route) to prevent toll route debtors from having their license plates renewed until they pay up.
This is a new turn of events and people who owe the ETR money are plenty steamed about it. Calls were coming in from people who owed upwards of $4,000 and $5,000. They're upset. They assumed they would be able to continue stealing services forever. Now that they've been caught out they're all armchair experts on why the ETR is a bad idea and should never have been allowed to happen in the first place.
Here's a newsflash: if it's a bad idea, if you think privately owned and operated roads are such a bad thing then don't drive on them. Could it be any simpler?
Now here's a few facts of life: oil is getting more expensive, not cheaper. Mark my words, the days of three-digit oil prices aren't far off and when they get here, they'll be here to stay.
The same people today who complain about the end of their ability to steal services from the ETR will be the same people tomorrow complaining about the price of gas when it heads north of $2/litre and more. They will argue for government price caps.
At the same time, these people have lives of their own, they work, they own businesses, and when they start demanding their right to steal services from private property owners or demanding government imposed price caps on gas I will say "why don't we put a goverment imposed cap on your wages too, then?" If they own a candy store, I will start demanding the right to walk in, help myself to the finest chocolate they have, and walk right out.
How will these people justify having other people's property rights stricken down and their own upheld in the same breath?
Toll roads are good and gas prices must rise according to the laws of supply-and-demand. Why? Because that's the natural and fair way to reign in consumption in a future where demand would otherwise outstrip supply.
Environmentalists should be all over privately owned toll roads and market dictated gas prices.
Complainers should go join the communist party, because that's what they're arguing for.

Posted by Mark Jeftovic in Armchair Analysis at 11:23

Saturday, October 29. 2005

Who is this Atavist guy anyway?

A lot of my blog entries reference Sieg, the Atavist and you may wonder "who is this guy?". He is not a peer, he's from a different generation than I am. More of a mentor, he gave me my first job in computing back in 1993.
His software company was getting near the end of the list in the phone book, and I was cold-calling them all looking for a job (and getting nowhere). He agreed to see me, and had in mind the task of porting his courier company's COBOL applications and data from an old Tandy microcomputer (with 8" floppy drives) to a shiney new 486 running SCO Xenix. Did I know anything about it? Nothing. "Sink or swim" were his parting words to me as he loaded me up with a stack of manuals and sent me on my way.
It was the beginning of a long and fruitful friendship (I hope for both of us). I spent many an afternoon in his office combing through source code, figuring out how stuff was supposed to work and Sieg would teach me about investments, economics and a crazy political theory he subscribed to which turned out to be Libertarianism. It sounded like workable anarchy to me and it made no sense (I was still pretty left-leaning in those days, having been a recent student, and when you're safely nuzzled away in an academic cacoon, you inevitably turn into a raving pinko. I'm probably still further to the left today than most capital L Libertarians if only for the simple fact that I haven't left Canada)
Sieg, pictured above at age four, came to Canada from Germany (as did my own mother), but I didn't know about his early life until I read his blog post about it today. The fact that his family spent their first winter in Canada living in a chicken coop in Alberta is a testament to the principles Sieg embodies: self-reliance and personal responsibility. Something we're woefully short of in today's world full of entitlements and reluctance to accept responsibility for one's own actions.
So quote Sieg:I have never felt disadvantaged because of the less than perfect circumstances during some parts of my life. I never wanted anyone to feel sorry for me or to help make things better. I learned that from the example of my parents. They just wanted to be left alone to succeed on their own. That is all I have ever wanted. Don't help. Just get the hell out of my way. Don't give me anything, but don't take from me what isn't yours either.
Amen to that.
This is not to say that people shouldn't help each other, and I don't think Sieg means to say that. I know this because several times over my life, he has come to my aid in one manner or another but I think the key point here was that at the time, I asked for his help.
Self reliance doesn't mean nobody co-operates and you let your fellow man starve to death or drown, but it does mean picking up the cards you are dealt and playing them.

Posted by Mark Jeftovic in Life, the Universe and Everything at 12:29

Thursday, October 20. 2005

Between Batgirl and a Monkee

Friday night/early saturday AM, around 12:30 EST am I'll be doing a segment about WEHT.net on a special "Where Are They Now?" show on WBZ NewsRadio 1030, which I'm told goes out across 38 states.
Word is that I'll be on after Micky Dolenz and before former Batgirl Yvonne Craig. Kinda cool.

Posted by Mark Jeftovic in Life, the Universe and Everything at 16:58

Monday, September 19. 2005

Does your business advertise via PPC? Then stop paying for spammed clicks

One hears many complaints about Technorati's blog search engine, that all it does it return "useless" blogspam search results. Is this a sign of a "bad" search engine or is it indicative of a deeper problem within the blogosphere itself, that it's riddled with blogspam and automatically generated scraper sites? (Blogger is particularly bad because of its "export" feature. Spammers can export their entire blog to a remote server, thus scraper sites can distribute themselves over multiple IP addresses and keyword stuffed domain names and leverage the resulting linkpop into search engine results).

I've been noticing my technorati search for easyDNS almost always turns up more blog spam than anything else, i.e. http://www.dnshostingpro.info/dns-hosting/dns+hosting.html"Today's DNS Hosting Article" is a joke, it looks like the ad copy from ours and our competitors' Adwords campaigns being scraped out and simply concatenatated into an keyword stuffed blob of crap with a Google Adsense block running over it. So those of us buying keywords via Google are paying for these ads on these scraper sites and something tells me those clicks are garbage traffic.

Last night I remembered that you can now click on the "Ads By Gooooooogle" link in the corner of the Adsense block and report a policy violation, which I am now doing. I report that as a paying Adwords advertiser I'm not impressed seeing my keywords scraped and recycled into blogspam, only to pay for the priviledge of having my own ads run on them.

I think anybody buying Adwords should think about doing this. It only takes a minute: Subscribe to your own company name via Technorati's blog search and then complain about the blog spam you find scraping your ads.

You'll be doing yourself and the blogosphere a service.

Posted by easyDNS: of Interest in via easyDNS blog at 11:45

Sunday, August 28. 2005

CAT5 "perfect storm" shaping up in the financial markets?

Speaking as a guy who believes it is inherently impossible to predict things like stock market crashes, earthquakes and alien invasions, I'm getting numerous signals today that are food for thought on their own and ominous in aggregate.
On one hand there is Hurricane Katrina which is barrelling down on New Orleans, and if it hits can cause a lot more damage and fallout than we're accustomed to seeing from hurricanes, even bad ones. Apparently there's only been three other CAT5's in history and tonight Stratfor Global Intelligence sent out a breaking news report titled The Geopolitics of Katrina. Stratfor's core business is meticulously researched analysis, they are not in the "breaking news" business. The last time I received a breaking news alert from them was about 10 hours before the Iraq War II started, telling readers that bombers had been spotted departing from bases in Europe.
The economic effects from a full-on Katrina hit on the oil refinaries and ports of Louisiana could be hard hitting. In fact the overnight oil price has already spiked past $70/barrel as I type this (gold is up a couple bucks an ounce in fairly short order as well).
This combined with the fedspeak out of Jackson Hole this weekend make for an interesting couple weeks ahead. The speeches contained a couple of startling nuggets once you remove the circular, double-talk which the Fed carefully crafts to glaze over as many eyes as possible while bluffing at an appearance of transparency. Greenspan pronounced the housing bubble all but "ready-to-pop" in that understated hocus-pocus which is his trademark:"The housing boom will inevitably simmer down. As part of that process, house turnover will decline from currently historic levels, while some house price increases will slow and prices could even decrease".
Which is nice non-threatening way to state that the housing bubble which has been fueled entirely by reckless credit expansion is about ready to pop.
Govenor Donald Kohn waxed philisophic on the pitfuls of financial derivatives and had this to say:
The risk is that private agents overestimate the ability or willingness of central banks to damp volatility in asset prices or the economy, or that they fail to appreciate that future policy actions depend on an imperfectly predictable economic outlook. But developments should have partially alleviated some of these concerns. Investors have had an opportunity to observe that policy actions in 1987, 1998, and 2001-03 cushioned the economy, but they did not stop major declines in the prices of equity in 1987 and 2001 or of risky credits in 1998. Short-term rates have risen substantially in the past year, reducing the profitability of "carry trades" without triggering an unwinding that drove long-term interest rates higher or widened risk premiums. And expectations that policy tightening would remain gradual over the near-term have not stopped long-term rates from fluctuating substantially in response to incoming data; the movements of future or forward rates out the yield curve after surprises in data have been at least as large since 2003 as they were before.
That is not to say that we have nothing to worry about. As I already noted, Alan Greenspan, himself, has often been concerned about market complacency--as recently as his latest monetary policy testimony. People may well perceive the economy as more stable than it is or central banks with greater power than we have to smooth the economy or to foresee our own actions.
Which, as George Ure notes, sounds like a nice soft way to tell the financial bankers in fedspeak/doublespeak: "If the derivatives blow up, don't assume we (the Central Bank) will be able to fix it".
These long-winded innoccuous sounding pronouncements sound unimportant, barely comprehensible and boring. They are carefully crafted to appear to be just that. They are not. These statements are analyzed six-ways from sunday by hordes of financial analysts and trillions of dollars worth of assets and perhaps more importantly, derivatives of assets, will slosh around the global economy based on their conclusions.
Any one of these factors on their own could make things interesting. All of them coming together in one shot could be pretty wild.

Posted by Mark Jeftovic in Venture Crapital at 21:48

Saturday, August 20. 2005

Corruption, not terrorism, is the true enemy of our time.

As I watch more of our rights being chisled away, such as random searches on subways in NYC or the impending "Lawful Access" here in Canada, I realize that like it or not, some form of surveillance society is probably inevitable. I also thought this long before 9/11 as this post of mine on the OpenFlows mailing list describes back on Sept/99.
In it I cite Damon Knight's short story I See You which describes a not-so-distant future society where everybody can monitor anything in both time and space. Crime becomes impossible and privacy extinguished. As David Brin once observed, "Everybody wants privacy for themselves and accountability for everybody else".
If we are headed where I think we are headed, I will trade some privacy if I get everybody else's accountability in exchange. That means I will not sit still for a "top down" Big-Brother type surveillance society where politicians and lawmakers confiscate our rights to enforce laws which benefit their backroom deals. But I will settle for a massively parallel "everybody-sees-everything" society or "somebody-sees-everything" society that would sufficiently impair the corrupt from operating at any level of society.
So if a cop wanted to search me as I enter the subway that's fine. I'll scan in his badge number with my PDA and if he finds something on me he doesn't like, then he better not have any unexplained cash deposits into his own or his family's bank accounts and he shouldn't be driving a Ferrari on a beat-cop's salary. My lawyer will be checking out all of his dirty laundry, not to mention the chief of police, the TTC commissioner and whoever passed the goddamn law in the first place.
In a massively parallel surveillance society, you look at mine means I'll look at yours. If the police can call my ISP and get my access logs, I'll agree to it if I (and everyone else) can look at the banking records of my political candidates. I'll sit still for something like "Lawful Access" as long as I can also call Irwin Cotler's ISP and get the logs of his internet activity. After all, if he's doing something "subversive" then he shouldn't be the Justice minister, should he? The higher up the food chain people get, the more responsibility they shoulder, then the more maginifying glasses they should be under. The stakeholders of a given situation should be able to monitor the activities of the rulemakers.
I'm being overly dramatic to illustrate a point. The point is this: we are being observed more and more. This tide may be impossible to reverse. It is also increasingly clear that our leadership is rampant with corruption. Wars have been started on based on lies. Funds are misappropriated. Backroom deals abound. If the state can monitor the citizens "for safety's sake" then the citizens must be able to monitor the state for the same reasons.
And then we need to get serious about corruption and have some real world consequences for breaches of the public trust, which I think is one of the highest crimes imaginable.
The sad state today is politicians and financiers can abuse their power, lie, employ the powers of the state for their private gain, and even when caught they get a walk or some token prison sentence and will be pardoned down the road once their fate fades from public memory.
China may not be a free an open society like ours is supposed to be. But over there white collar criminals and corrupt politicians get the same treatment as a common murderer: they are executed.
What kind of signal would it send if Kenneth Lay and Bernie Ebers were hanged? What about next politician who is found to have lied to his constituants with grave consequences?
People who hold office need to be scared to death (literally) of abusing that power. They shouldn't have to be, they're supposed to be there out of a sense of public service, but until that sentiment returns to the land,forget terrorism, we need to get tough on corruption. We need to have a War on Corruption, one that may not end in our lifetimes.

Posted by Mark Jeftovic in Armchair Analysis at 11:40

Wednesday, August 17. 2005

Not enough guns for Sieg

My friend Sieg is back from his vacation in the USA and he laments the sad state of gun ownership in Canada and compares with the States. This is another area where I have mixed feelings and sometimes disagree with him.
Sieg's problem is he gives people too much credit. Although he advocates "outlaw idiots, not guns". We live in a society where you are pretty much rewarded for being docile and stupid and penalized for being smart enough to know better. He also doesn't live in downtown Toronto, like I do.
Here in Toronto it's not unheard of to get your head blown off waiting at a bus stop. There's been between 3 and 5 fatal shootings within a 10 block radius of my apartment in the last month. If there were any more guns around this place would be Beruit, or maybe Fallujah.
Would I feel safer about things if everybody owned a gun? Probably not. It would imply that I trust people to have half a brain in their heads when it came to using them and I don't have that faith in my fellow man. Not when I turn on the evening news.
Of course, on the other hand I see the logic in gun ownership and responsible self-defense. Don't come crying to me if, while breaking into somebody's house they empty a shotgun into your gut, or your face. As we unix geeks like to say "Don't do that then". In my book when you violate somebody else's rights you forfeit your own. It seems almost silly to have to explain that but the point seems lost in civilized society.
There is an unconfirmed anecdote I've seen around (seems almost urban legend-ish to a guy here in Canada) that the Swiss citizenry are all well armed and trained. There is a gun in every household apparently, and they know how to use them. The Swiss haven't been in a war in over 500 years. After 9/11, while the rest of us were hastily giving up our rights and having our shoes x-rayed at airports, the Swiss advised their citizens to begin carrying their bayonets on flights. Any would-be hijackers trying to commandeer a plane with a pair of box-cutters would find themselves confronted by a plane full of bayonet-wielding passengers.
Which approach has more long-term viability?
Alas, if this were true, it illustrates a completely different headspace and culture among the Swiss, far more enlightened and not easily transportable to our instant-gratification addicted and attention span deficient culture. It would probably take 2 to 3 generations of intense, conscious therapy on our own collective society to get the maturity level up to a point where that approach would work.
Otherwise all you'll have is what they have in the US (or maybe downtown Toronto). And that clearly isn't working.

Posted by Mark Jeftovic in Armchair Analysis at 17:32

Wednesday, August 3. 2005

On the internet, a plane crash is never just a plane crash.

Plane crashes are in themselves so rare and so spectacular that when they occur we are both horrified and fascinated. Hence the eyewitness reports from yesterday's Air France crash at Pearson that spotted drivers pulled over to the side of the 401, standing on their car roofs photographing the spectacle with their camera phones.
Yesterday was a good day. It's rare that something like that happens and everybody gets out alive. In fact it's quite amazing and I think everybody should be thankful and happy that there were no fatalities.
Of course, this kind of event brings the nutjobs out en masse:
Cloak and Dagger
RADIO-NEWS Bulletin
4:54 PM EDT August 2, 2005
WAR BETWEEN BRITAIN
AND FRANCE BREAKS
OUT IN TORONTO
Toronto - British Secret Police Forces attacked an Air France Jet at Pearson
Toronto Airport this afternoon.
This escalation of hostilities comes on the heels of four British MI-6
agents being arrested by the French in Chicago and are in detention for
attempting to assassinate the Chicago Grand Jury Special Prosecutor Patrick
Fitzgerald who brought down criminal indictments against George Bush and
Dick Cheney last night.
Last week French Special Forces prevented British Intel from assassinating
Special Prosecutor Patrick Fitzgerald.
Stay tuned to the Cloak for more breaking news on this new escalation of the
ongoing Anglo-French War.
It seems things are unraveling fast.
This came from http://www.cloakanddagger.de/, which if you look at the web page has the stamp of CREDIBILITY all over it. (*sarcasm*). Note to the fringe: animated graphics and java ticker messages are the stamp of the loons and the lowfi net users. If you want to be taken seriously, do not use these elements in your web pages. They've gone the way of the tag.
I remember when JFK Jr. went down in his plane and there were nutjobs posting all kinds of conspiracy theories about it, one going so far as to claim the event was prophesized by Nostradamus.
This is getting ridiculous folks. The lunatic fringe is diluting the credibility of true social, political and economic scrutiny and criticism.

Posted by Mark Jeftovic in Nutjob Watch at 14:24

Saturday, July 30. 2005

Negative blog posts: How not to handle them.

Quick Boy's Movers became upset because of a negative comment posted about them on Joey DeVilla's weblog. The comment became the #2 result on Google for "Quick Boy's Movers" and they did not like this.
What should they have done?
Well they shouldn't have called Joey up, threatened to go over his head to his employer and made a lot of noise that he take the comment down. Now the whole saga has exploded into the blogosphere. When Corey blogs it on Boing Boing it's game over.
If you Google "Quick Boy's Movers" now, guess what comes up first? That's right. The entire Accordion Boy blog saga, complete with the threathening call from Quick Boy's and the shill posts on his blog.
So what should they have done, really?
They should have gone into their records for Jay Goldman, the original commenter, dug out his billing records, called him up, apologized. Bonus points for giving him a refund. Eat the loss and then the president or the owner of the company should have followed up with a comment of his own:"We're very sorry that Jay Goldman and his girlfriend are unsatisfied with moving services provided. We have refunded his payment in full and have issued a formal apology. This kind of service is not indicative of our company and we strive to provide complete satisfaction. If anyone has any questions or concerns about our services or policies, please don't hesitate to call or email me at.....
You can bet that that would have been blogged as well.
If it were your company, which would one of these scenarios would you rather have come up on Google at #1 or 2 for your name? For Quick Boy Moving, the decision has been made and there is no putting this cat back in the bag.

Posted by Mark Jeftovic in Tech Wreck 2.0 at 13:02

I stand corrected.

It looks like I made a poor choice of an examples in my How To Detect a net.myth in 4 easy steps post the other day. The original article in American Conservative magazine is available from their website here, so the article itself is real. I must have overlooked it the first couple times I was on the website.
In tracking down an "original sighting" of the article I left a message in Larouche Publications general mailbox after reading their Guns of August press release on the matter. Anton Chaiktin was kind enough to return my call this morning and point me to the original article on the website. Further, he added that White House Chief-of-Staff Scott McClelland was asked about this on thursday and the exchange was picked up by CNN.
I can at least tell that the exchange happened, since full transcripts of the White House briefings are available from the White House website and thursday's session contains this exchange:Q: Scott, an article in the American Conservative by Philip Giraldi, former intelligence operative, indicated the Vice President has revamped strategy towards Iran where there are now 300 to 400 missiles targeted various sites in Iran, including tactical nuclear missiles, especially aimed at the Iranian nuclear capabilities. These are now, according to Giraldi, also under command of the theater commander. Given our problems with Iran and the fact that now that they have decided to go for the full cycle of their peaceful nuclear program, might we be anxious that if there were a terrorist incident here in the United States in any way connected to Iran, that there might be a knee-jerk reaction of utilizing this hair-trigger against the Iranians?MR. McCLELLAN: One, I appreciate your question. I'm not going to get into accepting anything that you alleged in your comments. I'm not going to get into discussing matters relating to national security of that nature.
Two, in terms of Iran, Iran made some commitments to suspend their uranium enrichment and reprocessing activities. We expect them to abide by that commitment. If they were to begin those activities again, they would be violating the commitment they made under the Paris agreement with the Europeans. And we have made it very clear that Iran has a history of hiding their nuclear activities from the international community. That's why it's so important that you have some confidence-building measures, or objective guarantees in place, so that they show the international community that their nuclear program is not being used to develop weapons, or that they're not developing weapons under the cover of a civilian program.
And if Iran is going to violate their agreements, then we would, obviously, be looking at discussing with the Europeans, who have also committed to doing so, looking at going to the Security Council.
So I stand corrected on doubting the veracity of the original quoted article. It is real, and perhaps this post emphasizes my earlier point, now that I've found citations outside the original circular linkages.

Posted by Mark Jeftovic in Nutjob Watch at 11:42

Friday, July 29. 2005

Can't time the market? Try timing terrorism or earthquakes. Aug 6th and 9th loom.

I've been picking up some chatter from the fringe of a "terrorist event" on Aug 6 or Aug 9, having to do with a "dirty bomb" or a suitcase nuke detonation in commeration of the A-bomb's on Nagasaki and Hiroshima. The first I've heard of it laid it on a politically extremist splinter group of the Japanese Yakuza: payback after 60 years. Others are calling it "the next false flag" op, and lot of readers in some places are reading a lot of "meaning" into the 9-stripe US flags behind Bush at his Fort Bragg speech, portending ominous events to gel on these dates.
Then of course there's always George Ure and his web bots perpetually predicting "the big megaquake" to hit the west coast "any day now".
My wife and I were actually slated to travel to Victoria on the 4th thru the 8th but those plans have been scrapped.
No, we didn't cancel because we wanted to avoid militant Yakuza nuclear reprisals and we aren't trying to "time the big one". I think we both feel pretty silly for changing our honeymoon plans 3 years ago on account of the Iraq War. We were planning on going to England and then Europe, we changed our minds because the war looked to be a certainty and we were worried about terrorism.
The silliness of that attitude comes hot on the heels of the dual bomb attacks in London, years after we scrapped our trip "on terrorism fears". Ironically I knew two separate sets of people visiting London on the exact dates of both recent attacks. It never even occurred to me to wonder "if they were ok". I didn't even have to bother doing the math to come to a reasonably certain conclusion that they were fine.
This brings me back to my "Law Of The Expected Unexpected" and I can go on record right now and say that August 6th and 9th will be the two days this year that a nuclear terrorist event can't happen
(Refresher: The Law of The Expected Unexpected states that any given future date upon which a catastrophe is posited to occur is the one date upon which the actual event predicted is impossible. An example is if anybody goes on record to state that the stock market will crash on X date, that is the one date in the future on which it is impossible for the stock market to crash. Same goes for asteroid hits, earthquakes, alien invasions and terrorist events)

Posted by Mark Jeftovic in Nutjob Watch at 15:54

Thursday, July 28. 2005

How to detect a net.myth in 4 easy steps.

I've mentioned George Ure's UrbanSurvival many times here. Always interesting, one of my daily rituals is to read it while I eat lunch at my desk. The problem when you make your mainstay exploring the wider fringes of culture, technology and economics is a lack of third-party verification on many things. George falls prey to this from time to time. Take this week's report that Dick Cheney has asked StratCom to game out an attack on Iran in the event of "9/11: the sequel", whether Iran was involved or not. Truly chilling stuff."The Pentagon, acting under instructions from Vice President Dick Cheney's office, has tasked the United States Strategic Command (STRATCOM) with drawing up a contingency plan to be employed in response to another 9/11-type terrorist attack on the United States. The plan includes a large-scale air assault on Iran employing both conventional and tactical nuclear weapons. Within Iran there are more than 450 major strategic targets, including numerous suspected nuclear-weapons-program development sites. Many of the targets are hardened or are deep underground and could not be taken out by conventional weapons, hence the nuclear option. As in the case of Iraq, the response is not conditional on Iran actually being involved in the act of terrorism directed against the United States. Several senior Air Force officers involved in the planning are reportedly appalled at the implications of what they are doing â€“ that Iran is being set up for an unprovoked nuclear attack â€“ but no one is prepared to damage his career by posing any objections."
Scary as that is, it looks bogus to me, and I'll outline the steps I take to weed these things out:
1) Google an excerpt of the exerpt.
Look at the results. On any given issue you should see a mixture of mainstream, fringe and blogosphere hits from all sides of the issue. If the issue is real and white hot, then everybody and their hangnails will have something to say about it, from all sides of the spectrum.
These results are pretty consistant and homogenous. They all come from the "conspiracy fringe" and they're all pretty inflammatory ("Cheney to Nuke Iran In Event of Another 9/11", etc)
2) Cross reference against news sources.
We all know what passes for "news" in the mainstream is more like Orwellian soma, but if something is real it will at least get picked up there if only to downplay it and declare it a non-issue.
At this stage you don't want to use the excerpt, you want to do a new search with a keyword dense query.
In this case we see use +Cheney +Stratcom +nuclear +Iran +Terrorism and we get a couple hits, from more sources that seemed to have picked up the meme "as is". But for a "something real" we should see a lot more sources here. If not the national services then at least a smattering of regional affiliates of mainstream news congomerates and wire services should have some chatter around it. There isn't any.
3) Look for natural "drift".
At this point, a real article that is this inflammatory, we would see different excerpts quoted and commented by different people with different viewpoints. If you keep seeing the exact same excerpt quoted in exactly the same manner and find the citations to be circular rather than linear (everyone links to the next nutjob's blog and nobody links back to the original source), the story is further suspect.
4) Try the source.
This one will settle it. I don't have access to the latest issue of American Conservative and wouldn't know where to get one up here in Canada (where American Conservatives loathe to tread). I did call their office and found that they're closed from July 22 thru Aug 12th, now that's convenient and also a huge red flag.
So my guess is this is either a bogus story or the one excerpt has been taken in a very narrow context and then jumpstarted out the blogosphere. People eat this stuff up, it isn't hard to whip people into a frenzied countdown to armageddon. (As I've noted before, there seems to be a certain class of people who are truly disappointed when stuff like this fails to transpire as advertised).
If anyone has "the latest" copy of American Conservative (an exact issue number cite usually accompanies most real stories),or contact info for Philip Giraldi (the article's author) then let me know.

Posted by Mark Jeftovic in Nutjob Watch at 17:05

Wednesday, July 20. 2005

The new four letter F-word is: FAIL

Apparently there is an initiative underway in the UK to drop the use of the word "fail" for children who don't pass onto the next grade, in favour of "deferred success".
This makes all the sense in the world if we want to train our children that life is always fair and that everyone succeeds (even when they don't). With the pervasiveness of political double-speak in the world, where politicians say one thing, do another and then revise what they say they said or redfine the meaning of what they claim to have meant when they said it, then it is no surprise that it seems ok to delude ourselves and our children into thinking this kind of deceptive claptrap is ok.
We are now taking the final steps of indoctrinating the children into believing a load of horse manure is ice cream because we serve it to them with a cherry on top.
What a world we live in.

Posted by Mark Jeftovic in Nutjob Watch at 14:35

Saturday, July 9. 2005

All Extremists should be lined up against a wall and shot

In fairly short order today I've read some pretty emotional posts from varying sources on some closed boards I'm on. One advocates the US "nuke" the border areas between Afghanistan and Pakistan to (paraphrasing) "make sure we get Bin Laden before he gets a suitcase nuke into NYC" . Another posits that we are in the midst of the "Third Holy Jihad" being undertaken by Moslems to bring the world under Islamic Law.
The latter quoted Jordan's King Abdullah who noted "The real struggle is between moderate and extremist Moslems" and it occurs to me that everywhere The Real Struggle is between moderates and extremists. The same conflict arises in Israel, Palestine, the USA. Everywhere. What we have are minority extremists getting into pissing contests with each other and getting the majority moderates slaughtered like lambs in the crossfire.
The "Them or Us" cornerstone of almost every extremist ideology is basically irreconcilable with the inevitable "Chicken or Egg" paradox which is at the center of every militant ideological conflict occurring in the world.
Neocon extremists in the USA would have us believe that "The War on Terror" began on Sept. 11/2001. Militant Islamists would have us believe the conflict started earlier, a lot earlier than that. Perhaps with the establishment of Israel. A militant Zionist would say that's nonsense and that their beef with the world has it's origins elsewhere.
Nothing changes but the names, all of these camps are defined by a burning hatred of "the other" and I can guarantee you they all have one other thing in common: They ALL believe "the other guys started it".
In normal times, extremists are at best harmless nutjobs and at worst criminals. They provide comic relief, ample material for the "what not to do" files. They make themselves easy targets for talk show monologues and when they go over the line and take things too far and people get hurt or killed, we round them up and throw them into the prisons they belong or in certain jurisdictions, execute them. In any case the extremists are noise against the signal of life and dealt with by the prevailing cooler heads of society.
These are not normal times. There are places in the world where the extremists are in charge. We have idealogues calling the shots and setting policy. (These places aren't all "over there").
The problem with this is when extremists take shots at each other, they hit the other guy's moderates. The vast majority of the population are ordinary people who would routinely treat others with courtesy and respect each other's differences in cultures and lifestyles. Most people just want to be left alone to run their own lives and raise their families. Then all of the sudden a useful idiot on errand set by some far away extremist nutjob comes along and kills you or your family. It enrages enough victims that a few of them become local extremists and they eventually return the favour.
So then somebody from the former victim's camp goes over and kills off a bunch of ordinary people who had nothing to do with the prior incident as "revenge". Repeat, ad infinitum.
This isn't rational and it's pretty self-evident to moderates. To extremists, saying this much is blasphemy or treason. (A handy self-test which is probably accurate to within a few percentage points: If you are going to leave a disparaging comment to this post, you are closer to being an extremist than you are to being a moderate)
Extremists believe they can do no wrong, have never done anything wrong, don't make mistakes, have God on their side and will be ultimately victorious against The Other Guy. They believe they are justified when they go kill a bunch of ordinary people "over there" that had nothing to with the last round of ordinary people some other extremists killed over here.
Extremists are bad for business.

Posted by Mark Jeftovic in Armchair Analysis at 14:24

Wednesday, July 6. 2005

Widespread PHP vulnerability in XML-RPC

I didn't bother mentioning the new PHP XML-RPC vulnerability to somebody yesterday, assuming they already knew. Alas, they got burned by it so I'm making it a point to mention these things in a widespread generic sense from now on.As such: if you are running PHP content management systems like blogs, postnuke or anything that uses PEAR XML_RPC

Posted by easyDNS: of Interest in via easyDNS blog at 14:58

Thursday, June 30. 2005

And the most useless technology ever award goes to...

Car Alarms.
I write this as I listen to one going off steady for about the last half hour. It brought back painful memories of my last apartment, on a residential street with lots of street parking for the local residents and there being about a half dozen repeat offender cars whose alarms were on a hair trigger. They would go off for no reason several times an hour, all day, every day.
In their most common form car alarms don't do anything to mitigate threats to your vehicle. They just piss people off. I wouldn't be surprised to find out they actually incite more instances of vandalism towards vehicles where they constantly go off for no reason than prevent a crime. (If this thing is still going half an hour from now, I will seriously consider dropping an old G3 out the window onto the damn thing's windshield).
Given the technology today, it can be done so much better. There are some systems that are better: silent, networked, tracking devices, GPS, etc. Yes, they can be circumvented but at least that's the car thief's problem. These ones are just goddamn ignored, and that's everybody's problem.
I would like to see a municipal bylaw that set fines for oversensitive car alarms. If one is going off for no reason you could just call the parking authority and they'd ticket the vehicle for noise pollution (or even better, tow the damn thing away).

Posted by Mark Jeftovic in Tech Wreck 2.0 at 16:31

Thursday, June 23. 2005

It's scary....

I'm watching Larry Kudlow tear apart some senator on CNBC about the hysteria over the Chinese bid for Unocal. I'm agreeing with every word he says. Wow.
Larry is right, if the US are the champions of the free market, then they have to always champion it, not only when its in their interests to so, but when somebody else plays the same rules to their own advantage.
Right now, the US is making three demands on the Chinese:
1. Keep taking US dollars, even though their value is being deliberately watered down by rampant credit and monetary expansion.
2. Revalue the Yuan. In other words: while we ramp up the printing presses and devalue our currency, we want you to keep taking more of it.
3. Take more and more of this US paper, but whatever you do, don't use any of it to buy anything of value to us. Especially energy.
That isn't the type of environment mutually healthy trading relationships are made of. As Warren Buffet opined earlier today, if the US is going to keep consuming more than they're producing to the tune of 2 billion a day, then they have to be prepared to sell off valuable assets. What else are the trading partners going to do with enormous piles of US dollars which are rapidly losing value?
On other fronts my Fedex $75 Puts expired worthless on friday and today they warned and plunged over $6 a share. As the old adage goes: "The graveyards of Wall St. are littered with the bones of those who were too early".

Posted by Mark Jeftovic in Venture Crapital at 15:22

Wednesday, June 8. 2005

Prediction: June 6, 2006 conspiracy theories to surface

I noticed this on the plane out here on monday, I looked at my phone and saw the date: 06/06/05. It occurred to me that next year the MM/DD/YY date strings on all devices worldwde will read 06/06/06.
This is all it takes: wait for a conspiracy theory to emerge around this date, it will be singled out as some sort of seminal moment in human history: WWIII will start, asteroid hit, coup d'etat and imposition of martial law in the US, suitcase nuke somewhere, we're waiting for the "what" gets predicted to happen on that day, not "if" a wild theory will evolve in advance of it.
Remember my Law of the Expected Unexpected, whatever the conspiracy theory posits for 06/06/06, it will absolutely, positively not occur on that day in particular. (Douglas Adams had a name for it in Hitchhiker's Guide: a number whose value can be anything but itself, and its use in practice was that the given hour for a dinner party was the one moment in time where it was impossible for any of the guests to arrive).
The smart way to play 06/06/06, from a working conspiracy theorist's vantage point is to posit something that won't be immediately disproved by June 7th arriving without the world ending. Birth of the AntiChrist is always a good one. It still leaves years to write books, hit the lecture circuit and start a small cult of personality around the theory.
Proof of my theory that a conspiracy, apocalyptic, messianic meme around 06/06/06 will emerge will occur when George Ure's friend Cliff, over at the Web Bot Project picks up a lot of chatter around this theme. (Maybe this post will kick that process off
Gentlemen, start your hysteria engines.

Posted by Mark Jeftovic in Nutjob Watch at 09:51

Tuesday, June 7. 2005

Stupidity, mentors and bye-bye to the CIRA Board

I'm sitting up late in my hotel room in St. John's, Newfoundland having just completed two things:
1) A few hours ago I left my last Board meeting as a CIRA Director, aside from a short teleconference slated for next week, as of June 22nd, my term is over and I'm done.
2) Because I can't sleep, I just watched Albert Nerenberg's documentary Stupidity which just aired on CBC's Rough Cuts.
I'm glad I watched it. Something I've been trying to do over the last few years is come to grips with my own stupidity. Being on the CIRA Board didn't help. It was an honour and a priviledge to serve on the Board, but it was also one of the my more intimidating experiences.The CIRA Board is stacked with incredibly smart people who really know what they're talking about and most of them are drawing from intellectual wells that are far deeper than my own.
I could go around the table and individually cite each person's acumen and intellect but that may drift this post into "fluff job" territory. Suffice it to say that there is a formidable array of intelligence there.
As for myself, I have a talent for seeing patterns amongst the obscure and an ability to extrapolate present conditions in a non-linear way to come up with unexpected and sometimes surprisingly compelling predictions or models. Because of these knacks I sometimes appear to be of above-average intelligence.
But I also have a problem with what I call being "oblivious to the obvious". I overlook things which are right in front of my face and from time to time I appear to be dumb as a post because of it. I suspect it stems from a variety factors ranging from a short attention span to genuine lack of comprehension skills but I've come to recognize it as my own personal disability and I have to constantly compensate for it.
My primary method of doing this is through trusted mentors and advisors who I constantly barrage with a steady stream of ideas and notions to "reality test" and "sanity check". My wife is the closest and first line of defense against my own dull-wittedness. Then I have layers of friends and advisors expanding outwards in concentric circles. Most of my stupid ideas will get null routed somewhere along those shells before they can hit the real world and do any real damage.
The documentary briefly touched on expectations driving results and in one interview scene a fellow described how he was branded an "idiot" as a child, and as a result he acted and felt like a dolt for a number of years. He managed to shirk the confines of those expectations and went on to become the president of the American Psychiatric Association (sorry, his name eluded me).
My childhood was driven by the expectations of intelligence. My parents nutured my sister and I in an atmosphere of "can-doism". We were constantly reminded that we were exceptionally bright children and thus could accomplish anything we set our minds to. These attitudes spilled over into our school environments and we were both fast-tracked into enrichment programs for our entire primary through high-school careers.
I used to concur with all this and thought I was a pretty brilliant person. As of a few years ago (it started around the time I stopped drinking and smoking grass) I began to suspect that maybe I wasn't as smart as I thought. Today that "maybe" is a "probably". I suspect now that the expectations of high intelligence enabled me to rise to a higher station in life than had I been left to what would have otherwise been average potentials.
So in effect, expectation drove accomplishment which outstripped capability.
If it wasn't for awareness (or at least suspicion) of this, I would be a textbook example of the Peter Pyramid. Fortunately my friend and mentor Sieg, the Atavist explained the Peter Principal to me many years ago, when I was doing my first computing job for his courier company. He told me how 95% of the efforts of mid-to-top-level managers are spent hiding their own incompetence. I was younger and dumber then but I gleaned enough to promise myself that I would never fall into that, and if I found myself in at the apex of a Peter Pyramid, I would put a stop to it.
If I wanted to boil this down into the Lowest Common Denominator™ I would say something banal like "Embrace Your Incompetence" and maybe even wrap a management theory around that and wait for someone like Fast Company to elevate it to a new management fad.
But more realistically, and less sensationally I will say "Be Aware Of Your Inadequacies" and deal with them. Part of the way to deal with them is to get help, seek mentors and bring on people who are smarter than you are to be part of your team[1].
Closing the loop on this insomnia-powered post I can say that one of the factors driving my decision not to run for re-election on the CIRA Board was that at this time I don't think I'm smart enough to be sitting at that table.
The other thing is that now is the time for me to devote my full attention to running my own company. So...
[1] If anybody is interested, I'm currently looking for a Director of Marketing and a Director of Software Development to join my team. Qualifications are that you have to be a smarter than me. My email address is my firstname at my lastname dot net.

Posted by Mark Jeftovic in Life, the Universe and Everything at 23:54

Friday, June 3. 2005

Domain name dispute in Canadian House of Commons

It'll be interesting to see what comes of the domain name dispute debate which took place in the House of Commons over same-sex marriage opponents who registered MP's names as domains and setup websites on them to drum up support for their cause.As Michael Geist comments, the actions are nebulous and under the current rules in place at CIRA, these do not consitute "bad faith" registrations and thus not really eligible for action under the CDRP.I don't expect this to be added to the agenda for next week's CIRA Board meeting in St. John's Newfoundland (my last one as a director), but we may get a few questions on it during the public forum.What eludes me in this day and age is how semi-public figures like politicians don't bother registering their own names as domain names as a matter of course. At the very least they can avoid situations like this and at best the clueful (and bold) ones can run blogs on their own domain names.Note: I later found out that this domain was registered and then allowed to lapse, where it subsequently washed out via TBR and was picked up by the current registrant. While there are, I am sure, other members of the politburo who have not adequately guarded their own named domains, this illustrates another point, that of formulating a coherent domain registration and retention policy within your organization, as described in our Domain Management Resources: 10 Domain Management Tips article.

Posted by easyDNS: Domain Industry Watch in via easyDNS blog at 13:07

Thursday, June 2. 2005

So long and thanks for all the...chaos

I've often wondered how Dave Lewis'Chaos-onomics could be so overlooked among the contrarian/libertarian/goldbug crew. I can best descibe him as an "economic philosopher" of the highest calibre, but what do I know? Large swaths of his writing simply go over my head. I don't have the philosophical let alone economic background to understand a lot of it.

Yet in his columns I recognized something rare in this day and age. Something informed, not only from a deep repository of a well read individual but from his experience in the financial markets and his first hand accounts of financial hinge moments like the Asian Crisis. Contrast with the unreasoned, biased cheerleading of a Kudlow or the appalling non-thinking drivel of a Cramer , Dave Lewis' columns were grounded in an authenticity and depth of knowledge unheard of in mainstream financial commentary.

And now, it's over. Lewis has announced in his swan song post that he set out to research Peak Oil two months ago, wound up doing some philosophical soul searching, and arrived at the conclusion not to bother with it anymore:I am reminded of Thomas Kuhn's arguments in The Structure of Scientific Revolutions these days as I watch the dance of politics and economics, particularly the view that such transitions, from paradigm to paradigm, are not graceful. I am also reminded of the waning stages of any great ethical faith and Capitalism, like representative government, was, in my view, such a faith. In the early stages only a few believe but their belief is strong and pure. Then the faith is diluted but spread to many. In the later stages the faith is assumed, by which I mean, to use chivalry as an example, initially Knights aspired to be chivalrous, and in later periods, as that age was ending, they were merely assumed, by themselves more than by others, to be so. That the United States is often considered to BE a Capitalist economy, rather than an economy which aspires to follow those tenets suggests to me that faith in that system among the powers that be is virtually non-existent. If the powers that be don't believe in Capitalism as ethic to allocate resource any more, why should I waste my time thinking about the world in that paradigm. Of course, I could be wrong and all is well. In either case, regular commentary on the lines I had been following seems pointless.

It's a shame. I hope he'll keep his writings up, he has stated he will keep a closed mailing list going.

Posted by Mark Jeftovic in Venture Crapital at 21:43

Wednesday, June 1. 2005

Booktagged: I'm it

My friend The Atavist has tagged me in some booktag thing making the rounds across the internet faster than a Star Wars bootleg. Maybe one day Sieg will notice I've long since changed the name of my blog from Blah Blah Blog to Under The Radar
At any rate, here is my book tag thing:Number of books I own: A lot. At least a few hundred and when I figure the boxes in storage it may go over a thousand. I come from a long line of bookworms and now that I'm married to another one, it makes for lots of books piling up around the house. Most of mine are non-fiction, economics, history, futurism, social issues, technology, culture.Last book I bought: I go on binges. If I'm logged into Amazon, look out. Although I think the last one I grabbed was the Crossing the Rubicon: The Decline of the American Empire at the End of the Age of Oil. I'm about halfway through (watch this space for my review).Last book I read: I just finished Leading at the Speed of Growth: Journey from Entrepreneur to CEO and recently finished my friend Jim Carroll's What I Learned From Frogs In Texas. 5 books that mean a lot to me: Here's a few I remember devouring more than once over the years, off the top of my head (since I can't see my bookshelves from here) In no particular order:
Rees-Mogg and Davidson's The Sovereign Individual
Alvin Toffler's Future Shock
Financial Reckoning Day
Jame's Gleick's Chaos
Colin Wilson's The Occult
And 5 other bloggers I have to now "tag":
Ross Rader
Rick Segal, Post Money Value
Jim Carroll
*and my bandmates Noise, and Mark Collins.

Posted by Mark Jeftovic in Life, the Universe and Everything at 16:39

Tuesday, May 24. 2005

Madmoney: The Horror! The Horror!

Clicking around to kill the 5 minutes between the end of Law and Order and the beginning of Jon Stewart I happen upon Jim Cramer's "Madmoney" on CNBC. (My "CNBC Deathwatch", btw, is still in effect. It posits that in this secular bear market which started in 2000 and is closer to the beginning than to the end: the bottom is in when CNBC goes off the air).
Cramer is a raving loon, sort of a combination morning drive DJ and a religious evangelist he jumps and shouts and screams wildly bullish slogans at the camera. Like a washed out hag who overstays in the aftermath of a wild party, single handedly hooting and hollering, the name of the game is "keep the party going", long after the host has crashed, the guests have left and interest has dissipated. It would be bemusing to watch if it weren't pathetic and sad. Keep the party going, keep the party going, is the mantra of Wall St. Buy Buy Buy. (Ironically, insider sales have been somewhere around 30-to-1 since the bear market rally started in 2002.)
Jim likes Google. What passes for fundamental analysis is actually a cursory comparison of Google's share price growth vs. the P/E multiples of Coke and Pepsi, from which he derives a price target of $450 for GOOG.That isn't sarcasm, that's really what he did, with a straight face.
The way to profit from Google, IMHO, is through Adsense, not buying the stock. Build yourself a portfolio of websites that get 10K pageviews a day and 1% clickthru on Adsense, and what you have my friend, is a nice income stream that few equity issues can match.

Posted by Mark Jeftovic in Venture Crapital at 00:52

Saturday, May 21. 2005

Waitin' for the derivatives blowup

Contrary to some of the cranks and financial doomsayers I follow, I am not a permabear and I don't really want to see the markets meltdown and the economy hit a recession (or worse). But over the years I've acquired an appreciation for how little I know about economics. Along with it I wonder if even I, an economic simpleton, can perceive the fundamental disconnect between the financial fairy-tale promoted by the US politicians and their cheerleading squad, CNBC, why isn't this painfully obvious to anyone with a pulse?
Example: So far there has been a conspicuous absence of fallout from the downgrade of Ford and GM's debt to "junk status". In a piece of jawboning worthy of an Orwell Award, "the car industry doesn't matter" to the economy anymore. George Ure has pointed out that conventional Dow theory posits that the Dow Transports Index lead the wider markets (if the transports tank, the rest of the market will soon after); and that at some point, all of the car manufacturers have been removed from the index.
The underground contrarian channels are abuzz with the fear of an impending derivatives blow-up brought upon by the downgrade and there is talk that some hedge funds are dutifully unwinding positions in anticipation of a particularly heavy redemption season this summer. The phrase "remember LTCM" is being bandied about.
In contrast to this, the USD has hit a 2005 high and gold is below its 200 day moving average and gold stocks took a beating. All this despite some pretty dismal news coming out in April and the economic news in May, like the jobs numbers, look pretty unrealistically massaged (over 90% of the "new jobs" created were a statistical construct based on "historical norms").
Having said all that, my personal maxim (Mark's Law of The Expected Unexpected?) is that meltdowns, disasters, market crashes, terrorist events and asteroid hits cannot occur when anybody is expecting it. And "anybody" includes contrarians, cranks and conspiracy theorists.
Contrarians can only position themselves ahead of a perceived shift, but they can't time it. As Douglas Casey once quipped, "Just because something is inevitable, doesn't make it imminent".
Cranks are usually onside with the contrarians but tend to hold their positions longer than necessary out of idealogical beliefs. This would include goldbugs who were converts at the top of the 1980 spike and have been holding (or averaging down) ever since. Don't get me wrong, cranks are intelligent and entertaining and have my respect. My personal definition of "crank" isn't as derogatory as some may think. Kinda like 'nerd' used to be. Nowadays it's practically 'hip' to be a nerd.
I include George Ure's in this category. He's a well read economist and I have a deep appreciation for his self-sufficiency, but I've watched him try and fail to not only "time the market" (which he often nails on an intra-day basis but not long term) but to "time the meltdown". According to Ure, we're in a window right now which could see anything from a derivatives based market meltdown to "the big one", a large quake hitting the West coast, which George has been bracing for/calling for/hoping for? for such a long time it seems almost morbid.
Conspiracy theorists are always and by definition wrong. Asteroid hits which won't happen and world leaders who are not members of an alien reptillian race. As per the old maxim: Never ascribe to conspiracy that which can explained by stupidy. For this reason I am not entirely sure I buy into the manipulation of the price of gold theory which has been floating around for a few years. I guess long term I'm not too worried about it. If paper currencies actually do blow up, it won't matter. If they don't, the secular uptrend is undeniable.
So will the markets meltdown this week? The contrarian/crank/conspiracy contra-indicator says no. I think over the medium term gold will head on to new highs and given the fact that Japan and China have all but ceased purchasing new US debt paper, the USD will sink, and once the French vote "oui" to the EU the Euro will surge, and when Iran starts selling in Euros next year World War III will start in earnest....(ah, off into conspiracy land again....sorry)

Posted by Mark Jeftovic in Venture Crapital at 18:17

Thursday, May 19. 2005

Canadian Anti-Spam Task Force report

Yesterday Industry Canada's Anti-Spam Task Force delivered its report. Included therein was a group of industry best practices assembled by the Working Group on Network Technology sub-group which I was priviledged to take part in.This analysis is posted on CircleId while Michael Giest, who was on the Task Force and chaired the Legal Issues Working Group, discusses next steps at his webpage.In a nutshell, the ISP Best Practices are as follows:1. All Canadian registrants and hosts of domain names should publish Sender Policy Framework (SPF) information in their respective domain name server zone files as soon as possible.[Follow this link if you are interested in implementing SPF on your domains at easyDNS]2. ISPs and other network operators should limit, by default, the use of port 25 by end-users. If necessary, the ability to send or receive mail over port 25 should be restricted to hosts on the provider's network. Use of port 25 by end-users should be permitted on an as-needed basis, or as set out in the provider's end-user agreement / terms of service.3. ISPs and other network operators should block email file attachments with specific extensions known to carry infections, or should filter email file attachments based on content properties.4. ISPs and other network operators should actively monitor the volume of inbound and outbound email traffic to determine unusual network activity and the source of such activity, and should respond appropriately.5. ISPs and other network operators should establish and consistently maintain effective and timely processes to allow compromised network elements to be managed and eliminated as sources of spam.6. ISPs and other network operators should establish appropriate intercompany processes for reacting to other network operators' incident reports.7. ISPs, other network operators and enterprise email providers should communicate their security policies and procedures to their subscribers.8. ISPs and other network operators should implement email validation on all their Simple Mail Transfer Protocol (SMTP) servers (inbound, outbound and relay).9. Non-delivery notices (NDNs) should only be sent for legitimate emails.10. ISPs and other network operators should ensure that all domain names, Domain Name System (DNS) records and applicable Internet protocol(IP) address registration records (e.g. WHOIS, Shared WHOIS Project [SWIP] or referral WHOIS [RWHOIS]) are responsibly maintained with correct, complete and current information. This information should include points of contact for roles responsible for resolving abuse issues including, but not limited to, postal address, phone number and email address.11. ISPs and other network operators should ensure that all their publicly routable and Internet-visible IP addresses have appropriate and up-to-date forward and reverse DNS records and WHOIS and SWIP entries. All local area network (LAN) operators should be compliant with Request for Comments (RFCs) 1918 ?"Address Allocation for Private Internets." In particular, LANs should not use IP space globally registered to someone else, or IP space not registered to anyone, as private IP space.12. ISPs and other network operators should prohibit the sending of email that contains deceptive or forged headers. Header-tracing information should be correct and compliant with relevant RFCs, including RFC 822 and RFC 2822, and reference domains and IP addresses should have up-to-date, accurate registration information.I'll follow up in a later post on my personal thoughts on these recommendations but I will mention here that I'm very happy to see #9. The amount of backscatter clogging up the net from broken spam and virus blockers is just compounding the problem and helping absolutely nobody.

Posted by easyDNS: Domain Industry Watch in via easyDNS blog at 17:53

SEO RIP

The Preparing for the Death of the Link Based Algorithm on Threadwatch.org discusses a Death to Link Based Algorithms posting which prompted me to foward the links and my own observations to "SEOSteve".
SEOSteve's name has been changed to protect the paranoid: which is Steve himself. He's an SEO professional and a good friend of mine, lives down in the US. Big city. Great guy and a personal friend as long as we agree never to discuss politics.
SEOSteve is embarking on a very committed, in depth project which involves SE rankings. When he describes it to me I tell him he is f***ing crazy. Some times it's hard to get a word in edge-wise when I talk to him so it was hard to articulate why. So I finally managed to accompany the above links I forwarded him with the following thoughts:Steve:
This thread talks about sustainable business models for SEO's and it hits what I've been trying to articulate for awhile: if your business model is held up by getting #1 thru 5 top organic search engine listings on some key terms, then your business model is flawed.
This is why I think you're nuts doing ...[SEO Steve's proprietary idea and tactics deleted for the benefit of the paranoid]. Because even if you're successful in attaining your goals you are still at the mercy of the next algorithm change or the next radical shift in the SE wars (i.e. somebody storms out of a garage and knocks Google off the top and uses

completely different heuristics).
In any case, you're going out and doing a lot of work and not accomplishing much other than still being at somebody else's mercy, which kinda runs contrary to what people like you are all about. That's not why you build businesses.
It seems to me you could channel the same effort into building something that users would gravitate to which would cultivate linkpop and rep on its own inertia. The SE's will help speed the momentum as the process feeds back on itself, and it will not cripple you if they make a change.
Caveat: it may take longer.
Benefit: it'll last longer.
-mark

Posted by Mark Jeftovic in Tech Wreck 2.0 at 11:38