

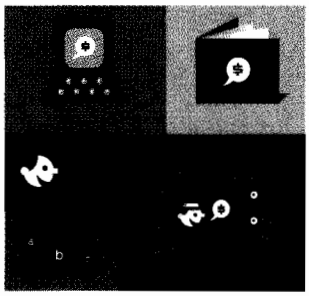
Netwatch By Jim Carroll

Your guide to business & accounting on the Internet

Site-bugs cost big time

In the past few months, the little airport in Watertown, NY, has seen its share of air traffic, with people from all over North America making it a launching pad for their travels. Ditto for airports in Jamestown, NY; Altoona, Pa.; Johnstown, Pa.; Bradford, Pa. and Lebanon, NH.

What happened? In April, an astute member of FlyerTalk, an online bulletin board for frequent flyers, noted that US Airways made a mistake in loading a round of new price updates on its online reservation system so it was possible to book a first-class ticket from any of these airports to anywhere in the continental US for US$1.86.



Word went out in a matter of hours, and hundreds of people bought round-trip tickets at the ridiculously low price before US Air discovered the error and shut down the fare. Given that the tickets were offered and accepted online, providing for a legally binding contract, the airline had to honour their sale.

In addition to the deals noted in the MilesBuzz section of FlyerTalk, there's also an online mailing list that immediately notifies subscribers of such pricing errors as they emerge. I've seen deals for two nights and airfare to Singapore for US$180, flights from Boston to Madrid for US$150 and airfare from London to Sydney for about the same. Clearly, there are big ethical and moral issues here, as the airlines made some pretty significant mistakes. It's just as clear, however, where the hundreds of bargain hunters snatching up these deals stand on the issue.

Now you might think these sorts of mistakes are few and far between, but through the years there have been many such problems. I call them site-bugs and when they occur, news travels fast. Site-bugs occur when a transaction-oriented website features a glaring programming error or database configuration that affects an online transaction. They often come about from a simple oversight.

Years ago, an online company promised to give Hilton HHonors hotel points when visitors to the site signed up for a free publication. Problem was, they forgot to impose a limit — people discovered they could sign up dozens of times, creating hundreds of thousands of HHonors points that they could immediately convert into frequent-flyer miles on their Air Canada or American Airlines accounts. People sat by and pumped up their frequent-flyer accounts with millions of miles, all by punching away at their keyboard.

In this particular case, Hilton reversed the point accumulation. But the moral of the story is that these types of flaws continue to occur as we march forward into the Internet-transaction economy. With the emergence of the Internet and e-commerce, we have been linking a number of different transaction systems in ways that have never been done before. As financial professionals, we should therefore provide for increased software and system quality control with respect to any online transaction. As we integrate supply chains to our financial systems and continue to move down the e-commerce path, we've got to make sure someone is checking, double-checking and triple-checking each bit of code that links the transaction systems that make up the supply chain or business system.

Otherwise, we'll learn the hard way that site-bugs let savvy and sophisticated Internet users abscond with corporate assets before we even know it.

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MORE ON SITE-BUGS

FlyerTalk www.flyertalk.com

FlyerTalk Watertown, NY "thread" www.flyertalk.com/forum/showthread.php?t=429884&highlight=watertown

CNN article, "Oops! US Air round trip for $1.86" http://money.cnn.com/2005/04/19/news/fortune500/usair_cheap_flights