

## What's New

Welcome! Last year we made a big investment to keep our Private Hosting Environment up and running despite our Spring storms and Winter snow. As of Labor Day Weekend, we have not had any planned maintenance or unplanned event take down our Hosting for over a year; great job Techs!

I held a Use Tax—Accrual and Job Costing seminar in mid-September. The blog and email on this topic had our highest open rates ever! Seems the auditors are out in force, so the timing was right. If you missed it, check our blog for specifics and watch for the next offering.

October is a fun month – leaves are colorful and begin to fall; the evenings are crisp; and the kids are anticipating Halloween with fun costumes and of course, candy! Enjoy these special events, and take care of each other. - Catherine Wendt

## October 2016



This monthly publication provided courtesy of Catherine Wendt, President of Syscon Inc.

**We love this stuff!**

**Our passion is helping businesses use technology to run their organization successfully and profitably.**



## Could One Tiny Leak Wipe Out Your Entire Company?

**T**hings were going great at Michael Daugherty's up-and-coming \$4 million medical-testing company.

He was a happy man. He ran a good business in a nice place. His Atlanta-based LabMD had about 30 employees and tested blood, urine and tissue samples for urologists. Life was good for this middle-aged businessman from Detroit.

Then, one Tuesday afternoon in May 2008, the phone call came that changed his life. His general manager came in to tell Daugherty about a call he'd just fielded from a man claiming to have nabbed a file full of LabMD patient documents. For a medical business that had to comply with strict federal rules on privacy, this was bad. Very bad.

It turned out that LabMD's billing manager had been using LimeWire file-sharing software to download music. In the process, she'd unwittingly left her documents folder containing the medical records exposed to a public network. A

hacker easily found and downloaded LabMD's patient records. And now the fate of Michael's life – and his business – were drastically altered.

What followed was a nightmarish downward spiral for LabMD. Not one to go down without a fight, Michael found himself mired in an escalating number of multiple lawsuits and legal battles with the Federal Trade Commission and other regulators investigating the leak.

Finally, in January 2014, exhausted and out of funds, his business cratering under constant pressure, he gave up the fight and shuttered his company.

One tiny leak that could have easily been prevented took his entire company down. Could this happen to you and your business? Let's take a look at four fatal errors you **MUST** avoid, to make sure it never does:

**Have you developed a false sense of security?**

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Please, please, please do NOT think you are immune to a cyber-attack simply because you are not a big company. The fact is, whether you have 12 clients, or 12,000 clients, your data has value to hackers. A simple client profile with name, address and phone number sells for as little as \$1 on the black market. Yet add a few details, like credit card and Social Security numbers, and the price can skyrocket – \$300 per record is not uncommon. Being small doesn't mean you are immune.

**Are you skimping on security to save money?** Sure, of course you have a tight budget... So you cut a deal with your marketing manager who wants to work from home at times. He links into the company network with a VPN. If configured properly, your VPN creates a secure and encrypted tunnel into your network. So his device now links his home network into the company network. The problem is, his home cable modem may be vulnerable to attack, an all-too-

common issue with consumer devices. Now you have an open tunnel for malware and viruses to attack your network.

***“You MUST remove those accounts without delay.”***

**Could lack of an off-boarding process put your company at risk?** It's crucial to keep a record of user accounts for each employee with security privileges. When an employee leaves, you MUST remove those accounts without delay. An internal attack by a disgruntled worker could do serious harm to your business. Be sure to close this loop.

**Have you been lax about implementing security policies for desktop computers, mobile devices and the Internet?** The greatest threat to your company's data originates not in technology, but in human behavior. It starts before you boot up a single device. In an era of BYOD (bring your own device), for instance, lax behavior by anyone connecting to your network weakens its security. Your team loves their smartphones, and with good reason. So it's tough sticking with strict rules about BYOD. But without absolute adherence to a clear policy,

you might as well sell your company's secrets on eBay.

*Don't let a tiny leak sink your ship – here's what to do next...*

Not sure where to start? We completely understand, but we can also help. Give us a call to talk to a tech about what is in place, what we recommend and some 'first steps.' Next, get a list of your current employees so our tech can compare that list to your existing network list and let's start cleaning!

## Cathy and Larry Sightings

Catherine presented a webinar, *Use Tax Accruals – the Auditors are Coming*, including bookkeeping tools to use to accrue, track, and report State and City taxes.

Larry attended a local C 12 Open House event in Scottsdale, AZ, an organization that supports Christian Business Owners.

***‘You’ve got to stand for something or you’ll fall for anything.’***

– Aaron Tippin

## Frustrated with your Choices for the 2016 Elections?

You're not alone – If you're one of the many Americans who are tempted to throw up your hands and stay away, understand that your voice is critical.

Here's what's at stake:

- All 435 members of the US House of Representatives
- 34 (one-third) of the seats in the US Senate
- More than 100 important ballot measures in 35 states
- The makeup of 87% of the State Legislative Chambers nationwide

Don't be a statistic! Get informed, make a choice, be sure to vote. A few resources we have found helpful:

- 1) **Commit2Vote2016.com** – this website has some great info
- 2) **Family Policy Alliance/ Action Center** – you can enter your zip code for local info
- 3) Seriously worried? Join the **31 Days of Prayer** during October, for our Nation and its Leaders, now



# Construction Corner

*For our clients who use Sage 100 Contractor*

## Shiny New Gadget Of The Month:



## HoloLens: Your New Reality?

A game designer sees a moving 3-D image of a living, breathing, mace-wielding ogre – on her desk. She flicks a finger and he turns from side to side, giving her a full view of his outfit and weapons belt.

An architect looks up at the ceiling in a building he's just designed. He waves his hand and reshapes it, allowing more light through. All virtually.

A space scientist designing a Mars rover strolls through the landscape, noting from all sides the position, shape and size of rocks his vehicle must navigate.

Now it's your turn. Put on the new HoloLens by Microsoft, and what do you see? How could you use this cool new augmented reality (AR) tool in your business?

At \$3,000 for the developer's version, it may not be an impulse buy. But new AR tools like this will soon be part of your computing world.

### City and State Use/Sales Taxes: How to Accrue, Job Cost, Report

In the last few weeks, I've heard from several companies about a City or State audit they're in the middle of right now. Whatever has prompted this recent surge, they're actively looking for revenue.

An example is that the City of Chicago imposed a 1% Use Tax on all materials purchased from **suburban material suppliers** for **City of Chicago jobs**. The good news is that this is a very specific set of parameters. If you maintain the job addresses in your software, you enter your AP invoices referencing the job, and you have a grid breakout that shows the cost of the materials, separate from the tax amount, you can pull some pretty good information without pulling archives.

When the audit happens, be prepared to show the actual material supply invoices. If you've kept good job information, you should be able to show a report for all jobs with the City location which will narrow the audit to a specific list. Then from that list, identify the jobs that are tax exempt, further narrowing the audit parameters. Next, print a list of material suppliers based on the final, shorter job list. Identify which suppliers already include the full tax and those can come off the list. Pull the paid invoice files on the specific jobs for the specific suppliers left, and these will make up the audit paperwork.

Now what? Since you're being audited, you will be required to report monthly or perhaps annually with the City or State. So how do you collect the pertinent information to put together these reports with as little pain as possible? As you might have guessed, we have a solution, one that has been in use at various Syscon clients for a while; this includes Chicago Rental tax, and Use Tax accruals, out of state purchases, etc. Remember, this doesn't apply to all jobs, or to specific suppliers.

**First**, we strongly recommend breaking out the materials from the taxes when you enter the AP invoices; materials on one row, freight on another, and sales tax on a different row. You don't owe the special

tax on taxes you paid or the freight, just the materials you purchased. Be sure you get the rules from the City or State as to what is subject to this tax (supplies, materials, accessories, etc.), and any other specific guidelines, as well as the frequency with which you will be required to report going forward.

Next, add **Part numbers** to help collect the total materials subject to tax, and to accrue the tax to pay at the end of the reporting period, **and** more accurately reflect your job costs. Add the accrued tax amount to the direct expense account and job cost as usual, then set it aside in a **liability account**, all in one AP record. More details are on the website, or sign up for our next seminar.

This is a great way to create an audit trail; you can use queries to the to get the total materials subject to this tax for reporting; accurately cost the tax to the job with the rest of the materials; set aside the costs to relieve the liability account rather than have extraordinary expenses to break out when you pay the tax at the end of the reporting period.

Last recommendation: make your **Estimators** aware of this additional expense! Anytime they plan to order materials from outside the City or State, they should include the extra tax in their estimate. This needs to be figured into their bids; it's the cost of doing business.

Not following all of this? No worries. The September webinar will be repeated, so let us know if you'd like to be on the list.

If you'd like some one-on-one time on this topic, please give us a call and we'd be happy to schedule a time that works best with your schedule.—CMW



## Other Stuff

### Savvy users are capitalizing on the LinkedIn-Microsoft merger.



Here are three ways you too can profit: 1) Your profile photo now appears on both platforms. Run it by [photofeeler.com](http://photofeeler.com) to make sure it's up to snuff. 2) When it comes to updates, forget text – video rules. Check your newsfeed and you'll see how LinkedIn puts video on top and is burying articles. No wonder members have seen a 60% to 90% drop in readership. To get attention, go video. 3) Keep an eye on LinkedIn's social advertising. With access to user data from both platforms, your ads could now enjoy a wider audience of both LinkedIn and Microsoft users. This merger opens new doors for users. Now's the time to capitalize on it.

-Entrepreneur

### Want to know the secret to beating ransomware?

If there's one pop-up you NEVER want to see on your computer screen, it's this: "Your files have been encrypted. You have 72 hours to submit payment or they will be deleted forever." Once ransomware hits, it's too late. Game over. The best way to beat ransomware is prevention. Make sure it never happens in the first place. And if somehow it happens anyway, make sure you have up-to-date backups ready to go. The first step to prevention is to invest in serious cybersecurity. Start with antivirus software with active monitoring. Then, layer in anti-malware and anti-ransomware programs. Finally, store current backups in the cloud and/or on a separate unplugged hard drive. -[blog.malwarebytes.com](http://blog.malwarebytes.com)

### A wafer-thin laptop so light you'll forget it's in your briefcase...

Want an ultrasleek machine with enough battery life to keep you

going long hours without plugging in? A new breed of "ultraportables" offers that and more. The lightning-quick storage on these units lets you resume work in seconds, even after they've been idle or asleep for days. The "best in breed" will cost you a pretty penny. But if you're willing to spend a little, you can get premium features. Touch screens, full HDMI ports and eight hours or more of battery life are not uncommon. At the top end, you can expect a high-resolution 4K screen (3840 x 2160). Be extra-nice and Santa might even slip one in your stocking! -[PCmag.com](http://PCmag.com)

*'Priorities are what we do; everything else is just talk'*  
- C12 Business Group

### Considering Facebook Live Video for your business?

Using Facebook Live is brain-dead simple. If you haven't already, install the Facebook app on your smartphone. Open it up, tap the red "Go Live" icon and you're on. It tells you how many are watching, plus their names and comments. When you're done, it saves to your Timeline. And, unlike Snapchat or Periscope, it doesn't disappear after just 24 hours. You can share, embed, Tweet – or delete – to your heart's content. And you can filter who sees it. As for content? Interview key employees, big shots in your niche or your customers. Share how you're making a new product. Or how your team relaxes. Why do it? Your customers love getting that little peek "behind the scenes."

-[PostPlanner.com](http://PostPlanner.com)

## Who Else Wants To Win a \$25 Amazon Gift Card?

This month's trivia question: **Japanese computer-gaming company Nintendo was founded in which one of the following years?:**

a) 1929 b) 1962 c) 1889 d) 1971

**To enter:** Go to [www.Syscon-inc.com/Trivia](http://www.Syscon-inc.com/Trivia) and type in your answer. All correct answers will be put into a fishbowl and we'll randomly draw the winner. The Winner will be contacted shortly after the deadline and will be announced in next month's newsletter.

**Deadline: October 20, 2016**

Congratulations to last month's Trivia Contest winner, Bob Griffeth, with Christ Church of Oak Brook, IL! Bob's name was drawn from the fishbowl for last month's correctly answered question:

*One of the first computer science PhDs was earned by:*

b) Sister Mary Kenneth Keller