



Chicago Tribune

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# BUSINESS

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## Investors react with calm

'SIGNIFICANT IMPACT'

### Duty-free stores hit by ban on all liquids

By John Schmeltzer  
Tribune staff reporter

Sales at duty-free airport stores, including the ones at Chicago's two international airports, took a hit Thursday after federal officials barred the transport of liquid and gels on planes.

The ban came in the wake of the arrests by British authorities of two dozen people believed to be intent on using a liquid-based explosive to blow up passenger jets bound for the United States.

The precautionary ban instantly eliminated the market for duty-free staples like wine, liquor and perfumes, which represent more than 50 percent of sales in the \$27 billion global duty-free business. Under current arrangements, passengers make purchases after checking baggage and clearing security, requiring them to take items with them on the plane.

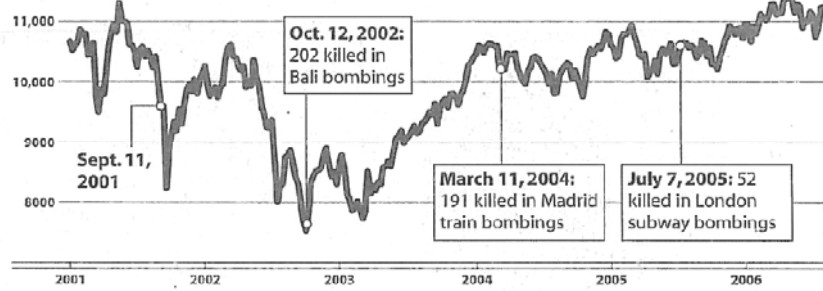
Some duty-free store operators are requesting a meeting with the federal Transportation Security Administration to develop a work-around

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### Terrorism and the market

Since the major drop following the Sept. 11, 2001, terrorist attacks and another decline in 2002, the stock market has steadily rebounded with little reaction to subsequent terrorist acts.

— DOW JONES INDUSTRIAL AVERAGE Weekly averages



Sources: Bloomberg, AP

Chicago Tribune/Max Rust and Keith Claxton

### Stocks manage to move ahead despite threats

A major terrorism bust in Britain on Thursday canceled international air flights and delayed travelers at major U.S. airports. And the Dow Jones industrial average rose for the first time in five days.

Once again, a terrorism scare caused barely a ripple on Wall Street.

The muted reactions of financial traders to blaring headlines has been a deja vu story since markets rebounded from Sept. 11, 2001.

The Dow climbed 48.19 points, to 11,124.87. Other major indexes rose as well. Trading volume on the New York Stock Exchange and Nasdaq stock market eased from Wednesday's moderate level.

Such a seasoned, not to say callous, market response to threats and actual attacks is good news for investors. The equanimity likely reflects general confidence in police authorities here and abroad, while skepticism about terrorism hype by politicians and the press, and the simple reality of the world we live in.

Another reason for the even keel in markets is that



Bill Barnhart  
Market report

### ALTERNATIVE TO FLYING

## Conferencing takes wing as travel option

By Eric Benderoff and Mike Hughlett  
Tribune staff reporters

London's terrorist scare rattled thousands of business travelers on Thursday, but unlike after the 9/11 attacks, conferencing technology is so common that it has emerged as a viable alternative for many road warriors.

Several factors have spurred conferencing's growth in the past five years. Prices for audio and video gear have dropped in half, access to a conference is as close as a mobile phone, and the use of high-speed Internet connections is escalating.

"Flexibility is very impor-

tant," said Jim Taylor, chief executive of the Thomas Group, a Dallas-based consulting firm that finds nearly all of its 200 employees on the road each week.

"Our people across the country can tap into our meetings with VTC [video and teleconferencing]," he said. "If it's practical, we might use more VTC in the next few weeks as security measures at airports increase. We can gripe and complain, or we can adjust to the situation."

His ease in handling the terrorist threats that erupted Thursday is common among businesses these days. Since

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AP photo

### Security rules taken in stride

The heightened security measures that followed Thursday's terrorist scare, including a ban on nearly all liquids and gels, are unlikely to prompt travelers to stay home, experts say. PAGE 6

PLEASE SEE BARNHART, PAGE 6



Tribune photo by Phil Velasquez

Herb Pyles, senior director for product management and development at InterCall, sets up a teleconference hookup Thursday.

## ALTERNATIVE: Equipment easier to use, less expensive

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9/11, a tipping point for the conferencing industry, more businesses are integrating such technical tools into their plans, either as a supplement to travel or, for a short while, an alternative to travel entirely.

At video game-maker Midway Games Inc., videoconferencing equipment installed last year is used to "keep up with all of our studios," said Reilly Brennan, a spokesman for the company.

Chicago-based Midway's 850 employees are spread out in many locales. The firm has game-development studios in San Diego; Los Angeles; Seattle; Austin, Texas; and Newcastle, England. Plus it has sales offices in Europe.

## Conferencing business on the rise

Sales of audio and videoconferencing equipment and services:

YEAR	SALES (IN BILLIONS)
2000	\$2.84
2001	3.18
2002	3.35
2003	3.41
2004	3.70
2005	3.99
2006*	4.33

Source: TeleSpan Publishing Corp.

*'It's too early to say if there will be a spike, but it will continue to grow because people will think twice about international trips.'*

—Scott Etzler of InterCall

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England. Plus it has sales offices in Europe.

"I wouldn't call it a replacement for travel. It's not a substitute," Brennan said. Instead, it's a more convenient way to share information between studios and headquarters. "We use [the videoconferencing system] almost every day."

But Midway employees still hit the road when a face-to-face meeting is necessary to spark creativity among its developers. There are times when "we like to get everyone in the same room," Brennan said.

Several factors have contributed to the growth of the industry, said Elliot Gold, president of TeleSpan Publishing Corp., a California firm that tracks the conferencing business.

First, videoconferencing equipment has become much easier to use. No longer do you need somebody trained in the system to operate it for you.

"You walk in and it works. It's just about idiot-proof," Gold said.

Second, employees are increasingly used to digital communications, so they feel comfortable with the equipment.

And third, prices have fallen.

A good videoconferencing system that costs \$3,000 today would have sold for \$7,000 three or four years ago, Gold said. And Web-based conferencing systems are cheaper, where a good Webcam can be bought for \$129 and conferencing software for \$40 to \$50.

Considering the pace of technology, those extra tools may not be needed for small businesses or for people who work from home. Speakers and video cameras are increasingly being built into computers, and combined with the growing use of Internet-based phone calls, people can sit at a desk in Chicago and give a PowerPoint demonstration to a client in Europe.

There are three types of conferencing, said Scott Etzler of Chicago's InterCall, a subsidiary of Omaha-based West Corp.

Audio conferencing is by far the largest because people can connect from a landline, a mobile phone or from the Internet.

Web conferencing, which Etzler said is growing rapidly, allows users to show a presentation or graphs over the Internet during a call. He said pharma-

ceutical companies are big users of this technology because a salesperson, product manager, division president and the client can be connected and view the same presentation.

Finally, there is videoconferencing. That is growing as well, but it requires the users to be in a room with proper equipment and sufficient bandwidth to handle the video feeds. You also can patch in a participant from a mobile phone if they are stuck in traffic, something Taylor, the Thomas Group chief, said is common.

Etzler believes videoconferencing could see a surge in interest for international business in the wake of Thursday's terrorist scare, as increased airport security measures may curtail some travel.

"It's too early to say if there will be a spike, but it will continue to grow because people will think twice about international trips," he said.

There was definitely a spike in conferencing after 9/11, but those numbers flattened out in subsequent years.

The conferencing industry posted a 12 percent sales gain for 2001, said Gold, with much of that growth coming after the terrorist attacks. But that rate dropped to 5.5 percent and 1.8 percent in the next two years, before accelerating to around 8 percent annually since 2004.

For InterCall, overall conferencing revenue increased 8 percent in September 2001 and soared 30 percent that October.

In 2002, revenue for audio conferencing rose 10.5 percent, but by 2003 that growth tapered to 5.2 percent. In 2004 and 2005, the numbers increased to 10 percent and 9 percent growth, respectively.

Overall revenue for the company this year is projected to be between \$570 million and \$600 million, up from \$438 million in 2005.

For firms that rely on travel, Thursday's events will continue a trend that has emerged over the past five years.

"We'll continue to go out and meet with our clients," Taylor said. "But we will make adjustments."

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