# Small businesses run into Y2K problems

## By Salina Khan

Battling the Y2K bug has become a nightmare for many small businesses.

Problems in trying to deal with the computer glitch that could happen if systems operating on two-digit dates treat the year 2000 as the year 1900 range from crashes to hidden costs to insurance risks.

Giovanna Cracchiolo, president of a San Francisco-based equipment-leasing company, says a free compliance test she downloaded from the Internet last month caused both her computers to shut down.

"Everything—all my tax information, sales database, the Web page I was designing—was inaccessible," Cracchiolo says. She had to pay a data recovery company $1,600 and got 90% of her reports back.

Dumping old computers for new ones can be frustrating, too. Bright Image President Atiq Jilani thought spending $20,000 on new computers would solve his Y2K problems. But that was just the beginning.

"The hard drive was compliant, but the software wasn't," Jilani says.

Other problems facing small businesses:

▶ They're vulnerable to scams because many lack employees with the computer skills to verify that software labeled "Y2K ready" really is Y2K ready, says Jason Ferris of computer diagnostics company Micro2000.

▶ Insurance companies are saying they won't cover business lost or damages incurred from computer crashes. Jodi Romano of Baskerville Communications says her publishing firm is stepping up efforts to become compliant after her insurance company said last month it will not cover Y2K-related issues.

▶ A House-passed bill prohibiting lawsuits for the first 90 days of 2000 could make matters even worse for small enterprises, says Leon Kappelman, a computer consultant and a member of President Clinton's Y2K Council.

Between 50 and 80 Y2K-related lawsuits have been filed so far.

While businesses have speeded up checks for computer glitches, about 73% of those with fewer than 500 employees say they don't have contingency plans to cover possible Y2K disruptions, according to an Institute of Management Consultants survey released Thursday.

Only about 25% of larger businesses report having no contingency plans.

Many small businesses don't realize this is more than a "quick-go-check-my-computers" issue, says Lynn Hoopingarner of the institute.

"They tend to deal with whatever's in their face and are not notorious for long-term contingency planning," she says.

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