

### The Lottery Trap

“Oh, I’m going to win so much money with this pick.” Every lottery advertises itself on the joy of winning while hiding the real costs of losing. People from all walks of life fall into this trap with the lottery, playing other games, investing, selecting a career, or even choosing what projects to pursue in business. The “Lottery Trap” has snared so many otherwise smart people.

The basic aspect of the Lottery Trap is that there is money out there somewhere just for the picking, “getting money for nothing”, and that we can get rich without hard work. In our fascination with the rewards, we lose sight of the risks of loss or the costs needed to actually gain those rewards.

We see this dynamic happening with all the venture capital pouring into various companies. When startup companies are paying their customers to buy from them or use their services, you know that people have lost sight of the risks and are looking only at the rewards.

Companies also fall into this trap. They overpay for companies they acquire. The thinking often is that the purchase of this company will give such a boost to the acquirer that the cost is justified. And, then, the people who made the company succeed leave, the cultures do not match, the process of merging the new company into the corporate structure destroys what made the company successful in the first place, or the business environment changes enough to make the purchased company nearly worthless. For example,

Microsoft paid a lot for the Nokia phone business, but which is now nearly totally written off.

Right now, there are many advertisements promoting learning coding as the next hot way to make a fortune. They point to the fantastic salaries that are being paid to hot programmers at some startups and at a very few IT firms and make the impression that all one needs is a few weeks of a course in order to gain such a salary.

Again, this is a trap as most people going through such courses are doomed to be low level technicians competing for the right to work very long hours for low pay.

Any very successful venture takes skill, time, capital, and a whole lot of

luck. There are many people who invested the time, skill, and capital only to wind up with nothing to show for it.

Governments fall into this Lottery Trap also when they have a “windfall” growth in tax revenues. This has been documented for places where oil exploration has happened. Many such areas have a large number of people move into the area boosting both tax revenues and demands on local government services such as the police and judicial systems. However, oil exploration is a very short term phenomenon and a producing well will need less than one full time person to run it. Governments that respond only to the drilling often spend the revenue on items that do not generate future revenue.

Likewise, most cons have the hook that one can get the reward without the hard work.

### Getting Money For Nothing

### Servers Wanted

“I want an App that does this and I would like the users to be able to share their thoughts with others and interact on a social basis.” So many people look at the Apps on their phone and think that those are only operating on the phone. Yet, Apps need servers behind them. That is why Apps can cost “insane” amounts of money to get right.

Michael Dell was recently quoted as saying that for every 50 smart phones shipped, another server gets installed. That points to the tremendous need for both the server hardware and for the software that makes the hardware do something.

Most business people are shocked when they see a quote for App development. They figure that since the phone can be held in one’s hands, the cost of developing for it can be done for a handful of change. The reality is that the full cost of developing a small App can be \$5,000 to \$20,000 and a significant App can run anywhere from \$50,000 to closer to \$500,000. Apps that “feel right” and work right are expensive to get properly working.

An App is both the software that runs in the mobile device as well as the software that runs on the server. These are two different software development efforts and may need two different teams.

Server software and especially cloud software is different from code that would run on the desktop or in a mobile device. Software that runs in a mobile device only needs to deal with the one person at a time. Server software not only has to deal with many users at once, it also needs to consider multiple organizations that might want to be using it simultaneously or multiple groups within organizations. This points to both different design considerations and security considerations.

### Risky World

Anyone who has been on a job site knows that we, humans, regularly use tools in ways and for purposes they were never intended. That practice propagated to workplaces with tools such as the email “reply all”. Recently, the British Health Service email was brought nearly to a halt as one employee sent an email to 840,000 people only to have many of them “reply all”. The flood of emails drove people nuts.

A View from the Prairie is published by  
Prairie Trail Software, Inc.,

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