



Trust

The foundation for value in B2B e-marketplaces

The business case for privacy in B2B e-marketplaces

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This presentation will show how privacy enables trust, which is critical for B2B e-marketplaces to achieve business objectives



- ◆ Trust is strategic to achieving business objectives
- ◆ Establishing trust is more valuable than ensuring trust
- ◆ Trust can be maximized using a structured approach
- ◆ Specialized trust enabling services are required to establish and ensure trust
- ◆ Privacy is a critical prerequisite to establishing trust

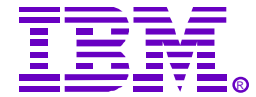
A B2B e-marketplace is a trusted electronic facilitator of commercial activity



- ◆ Safe
- ◆ Convenient
- ◆ Valued



All participants' objectives can be satisfied with either an e-marketplace stickiness or liquidity strategy



◆ Stickiness protects ASSETS

- ◆ quickly collaborate and communicate throughout the supply chain and quickly replenish directly to the store shelf;
- ◆ access inventory levels and supplier capacity;
- ◆ facilitate the replacement of paper for office supplies purchases;
- ◆ gain operational efficiencies by streamlining business processes;
- ◆ optimize inventory positions;
- ◆ obtain cost savings on purchased goods and services;
- ◆ reduce administrative costs; and
- ◆ optimize production capacity.

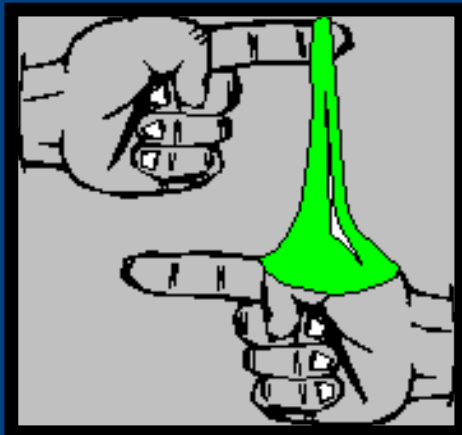
◆ Liquidity enables DECISIONS

- ◆ provide a new, collaborative mechanism for forming and growing supply chain relationships on the Internet;
- ◆ make informed available-to-promise commitments;
- ◆ leverage diversion, postponement, and optimization techniques across the supply chain;
- ◆ maximize assortments of local execution; and
- ◆ improve merchandise planning & execution.

Liquidity strategies open the possibilities for maximizing B2B e-marketplace value



- ◆ Stickiness strategies save costs savings 10% - 15%
- ◆ Signs of a Stickiness
 - ◆ efficiency
 - ◆ cost reduction
 - ◆ automation
 - ◆ private markets
 - ◆ consortiums
 - ◆ seller-centric strategy
- ◆ Liquidity strategies grow business value 100% - 150%
- ◆ Signs of Liquidity
 - ◆ effectiveness
 - ◆ business growth
 - ◆ decision support
 - ◆ public/open markets
 - ◆ pure play markets
 - ◆ buyer-centric strategy

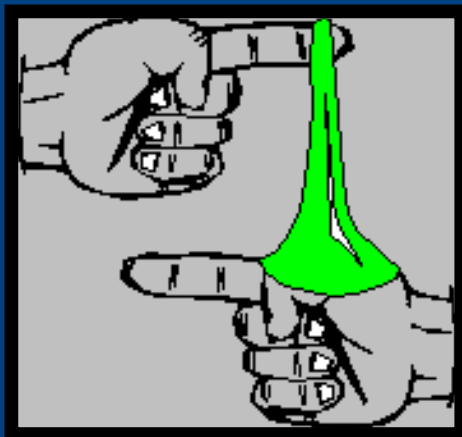


Security and Trust enable B2B e-marketplace Stickiness and Liquidity



Security protects

- ◆ Mitigates risk
- ◆ Loss of trust
- ◆ Limits choice
- ◆ Objective reliability
- ◆ **Enables Stickiness**

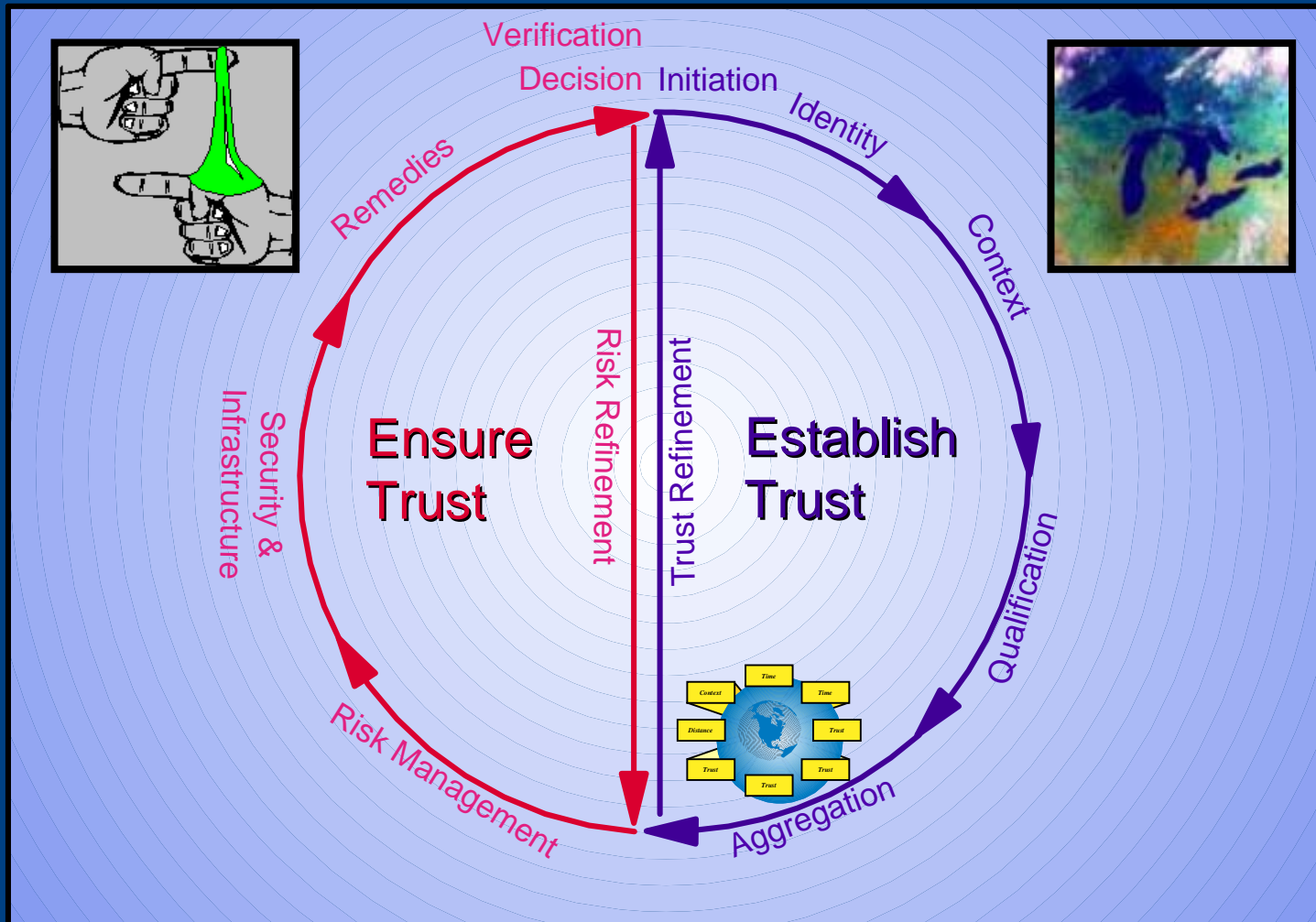


Trust empowers

- ◆ Enhances value
- ◆ Pooling of trust
- ◆ Encourages diversity
- ◆ Accurate predictability
- ◆ **Enables Liquidity**

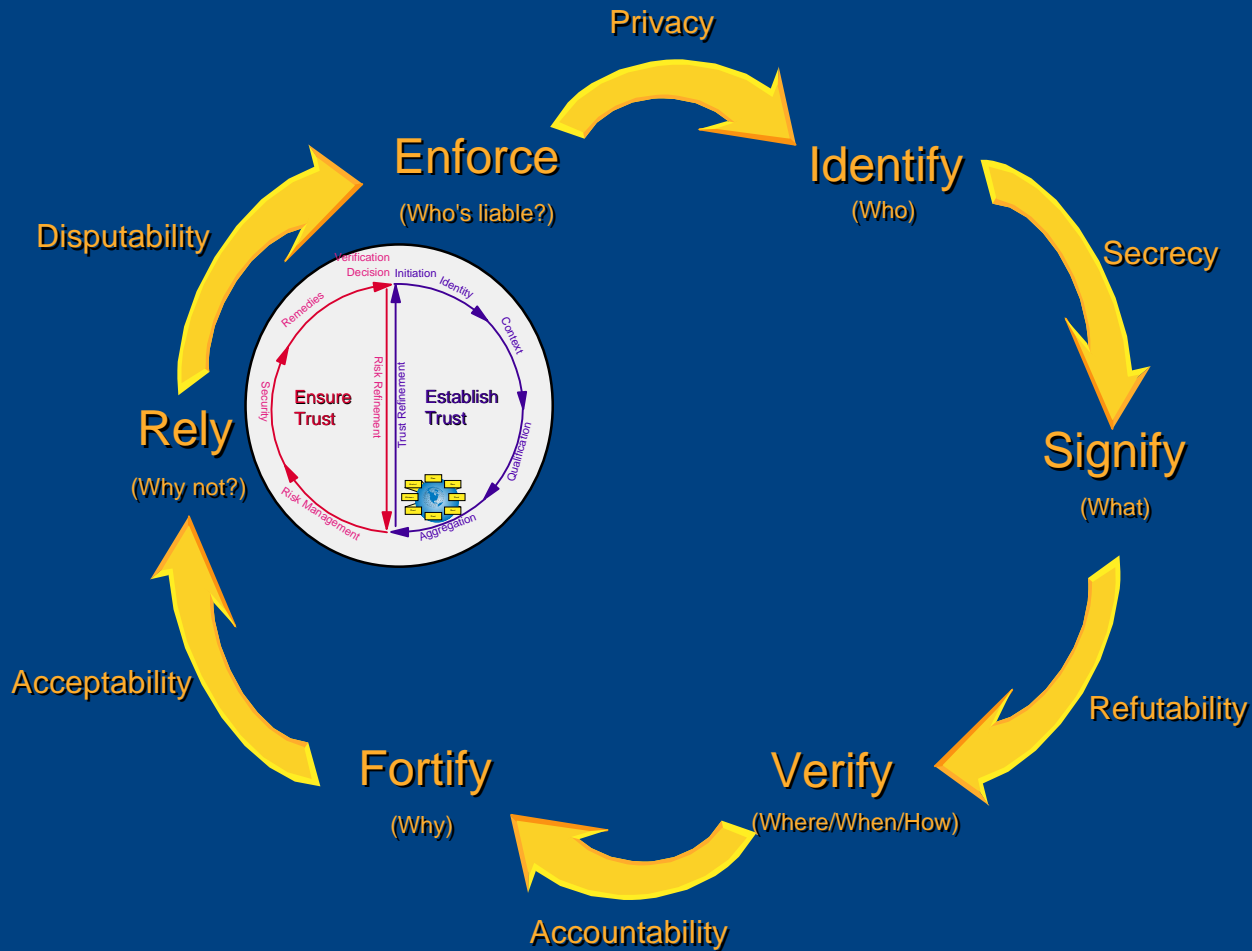


All trust decisions can be facilitated by applying a Trust Framework to establish and ensure trust



(Ed Gerck, Internet security expert)

An example of how the Trust Framework can be applied to making trust decisions for a transaction, such as a purchase order



E-marketplaces can maximize their value by acting as a “benevolent node” that also provides services for establishing trust

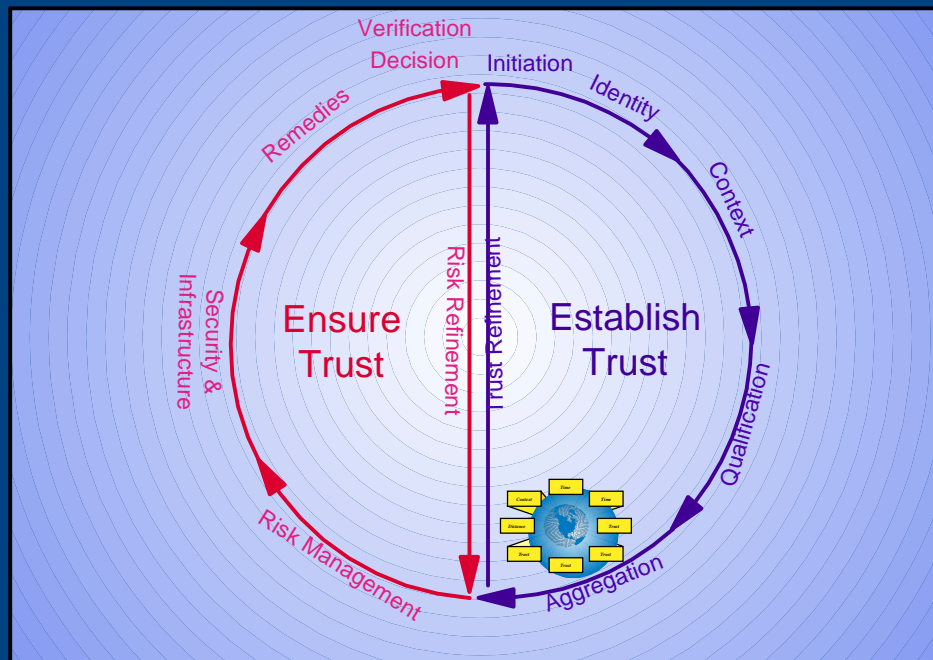


Trust Ensuring Services

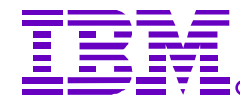
- ◆ Governance
- ◆ Assurance
- ◆ Risk Mitigation and Infrastructure

Trust Establishing Services

- ◆ Witness Related Services
- ◆ Expert/Authority Services
- ◆ Introduction Services



Many organizations are starting to provide trust enablement solutions

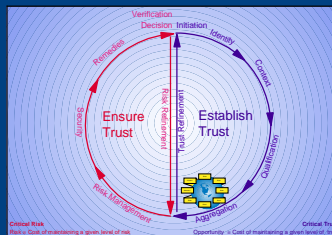


Trust Ensuring Services

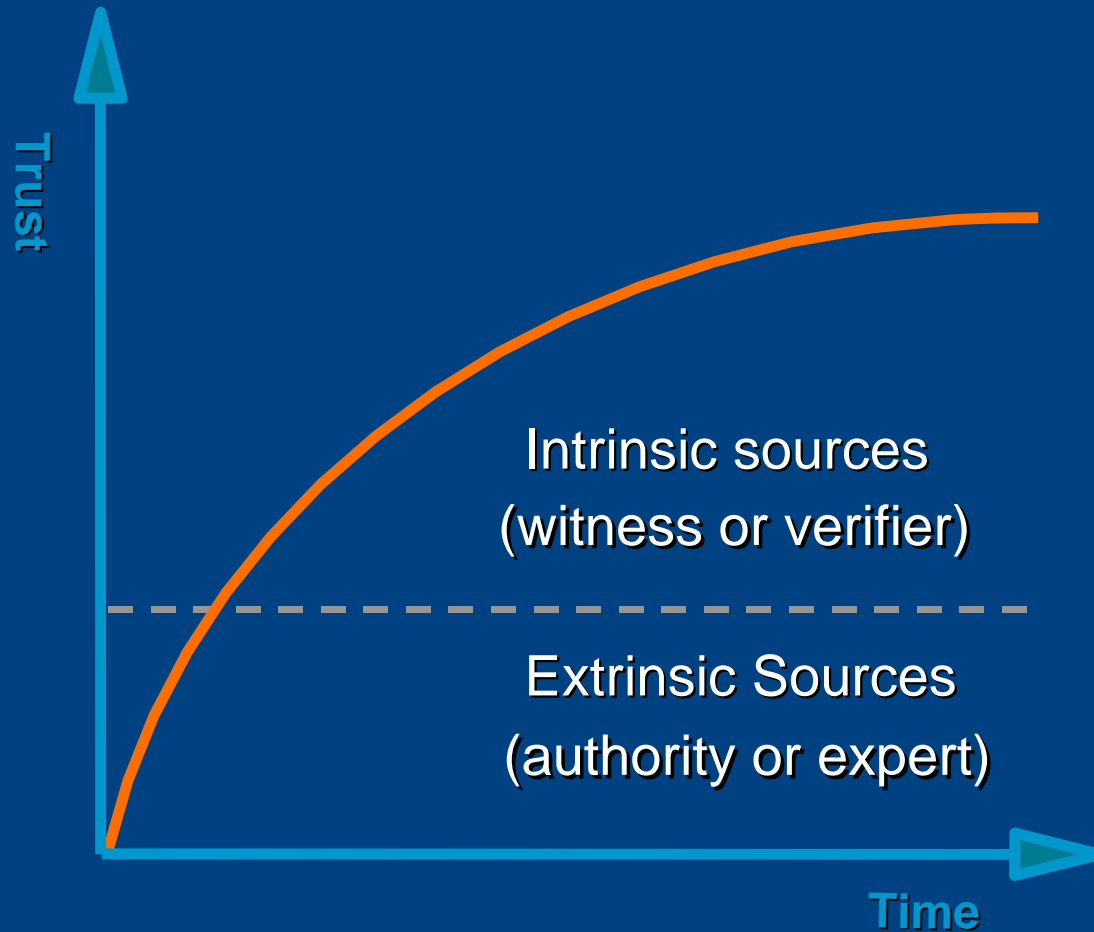
- ◆ Governance
 - ◆ of the e-marketplace
 - ◆ *FTC*
 - ◆ by the e-marketplace
 - ◆ *SquareTrade*
- ◆ Assurance
 - ◆ Agreement management
 - ◆ *Menerva*
 - ◆ Underwriting
 - ◆ *AIG*
 - ◆ Risk Sharing
- ◆ Risk Mitigation and Infrastructure
 - ◆ Security
 - ◆ *IBM, ZeroKnowledge*
 - ◆ Infrastructure
 - ◆ *webMethods*
 - ◆ *TradeCard*
 - ◆ Trust Introduction

Trust Establishing Services

- ◆ Witness Related
 - ◆ Witness/Verification
 - ◆ *Bureau Veritas, SGS*
 - ◆ Decision Support
 - ◆ *InfoRay*
- ◆ Expert/Authority
 - ◆ Quality Assurance
 - ◆ *Verisign, E&Y, TRUSTe*
 - ◆ Awareness
 - ◆ *PNLTV.com*
 - ◆ Context/Relevance
 - ◆ *Gartner, Forrester*
- ◆ Introduction services

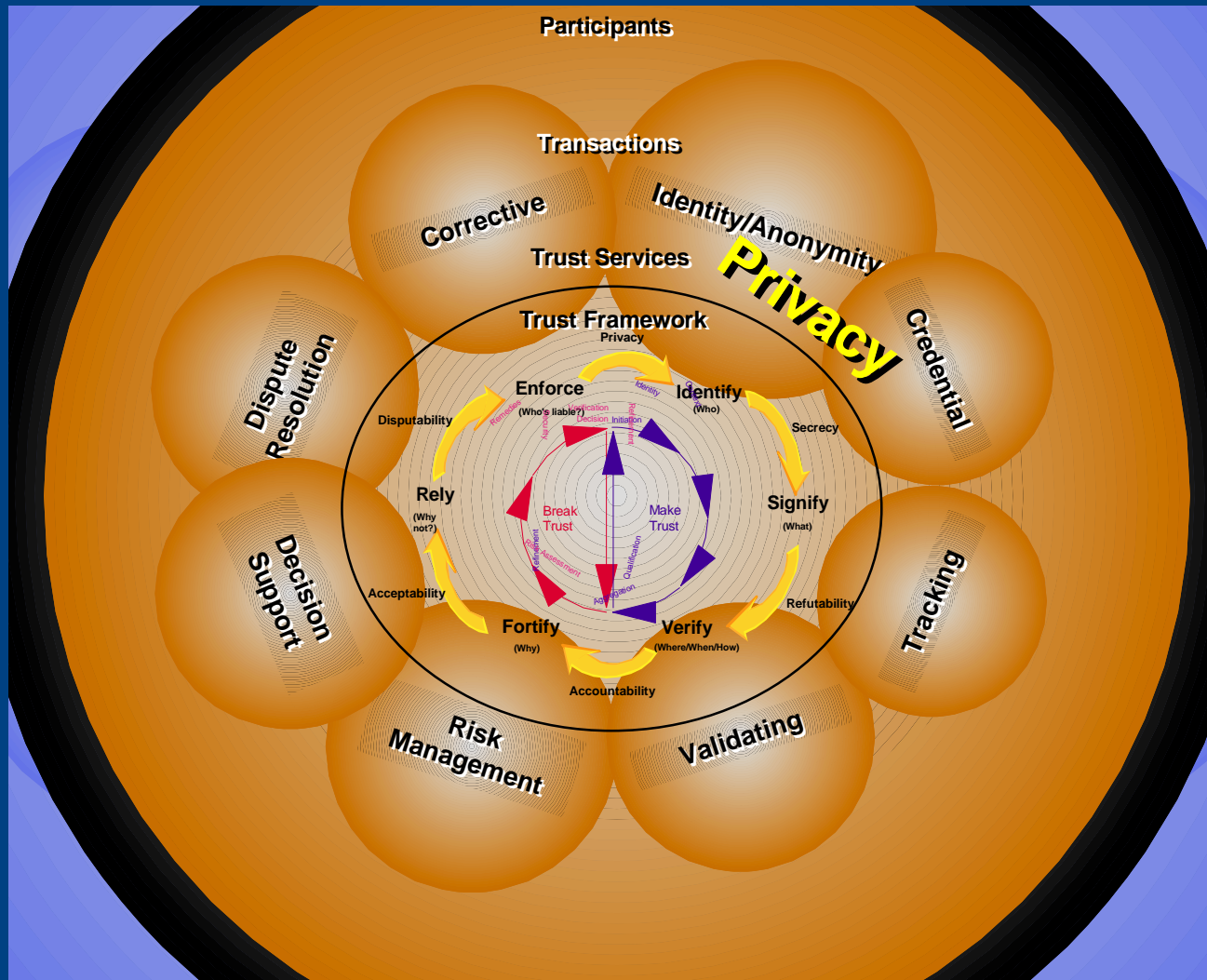


To establish trust in the information being relied upon, Extrinsic and/or Intrinsic sources of trust are required



Studio Archetype and Cheskin Research

Privacy must be protected before sufficient information will be shared with witnesses and verifiers to fuel the trust introduction process



A reliable privacy infrastructure is a critical prerequisite to becoming accepted as a "benevolent node" within an e-marketplace



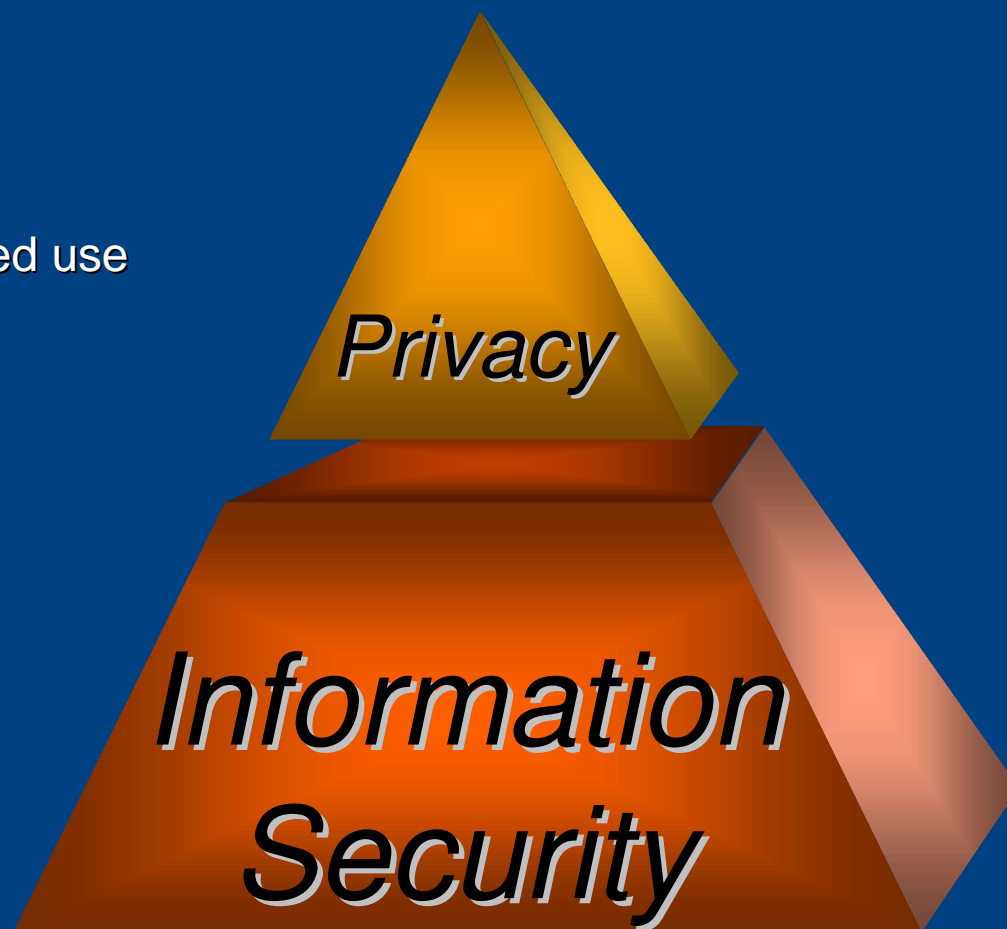
- ◆ Privacy
 - ◆ the right of individuals to determine for themselves when, how, and to what extent information about them is used and communicated to others
- ◆ Protection
 - ◆ Legislation for individuals
 - ◆ **Contracts for businesses**
- ◆ OECD Principles
 - ◆ Openness
 - ◆ Disclosure
 - ◆ Use Limitations
 - ◆ Verification
 - ◆ Security
 - ◆ Accountability
 - ◆ **Collection Limitations**
 - ◆ Use Limitations
 - ◆ Participation

Privacy policies and agreements cannot be completely trusted without good security

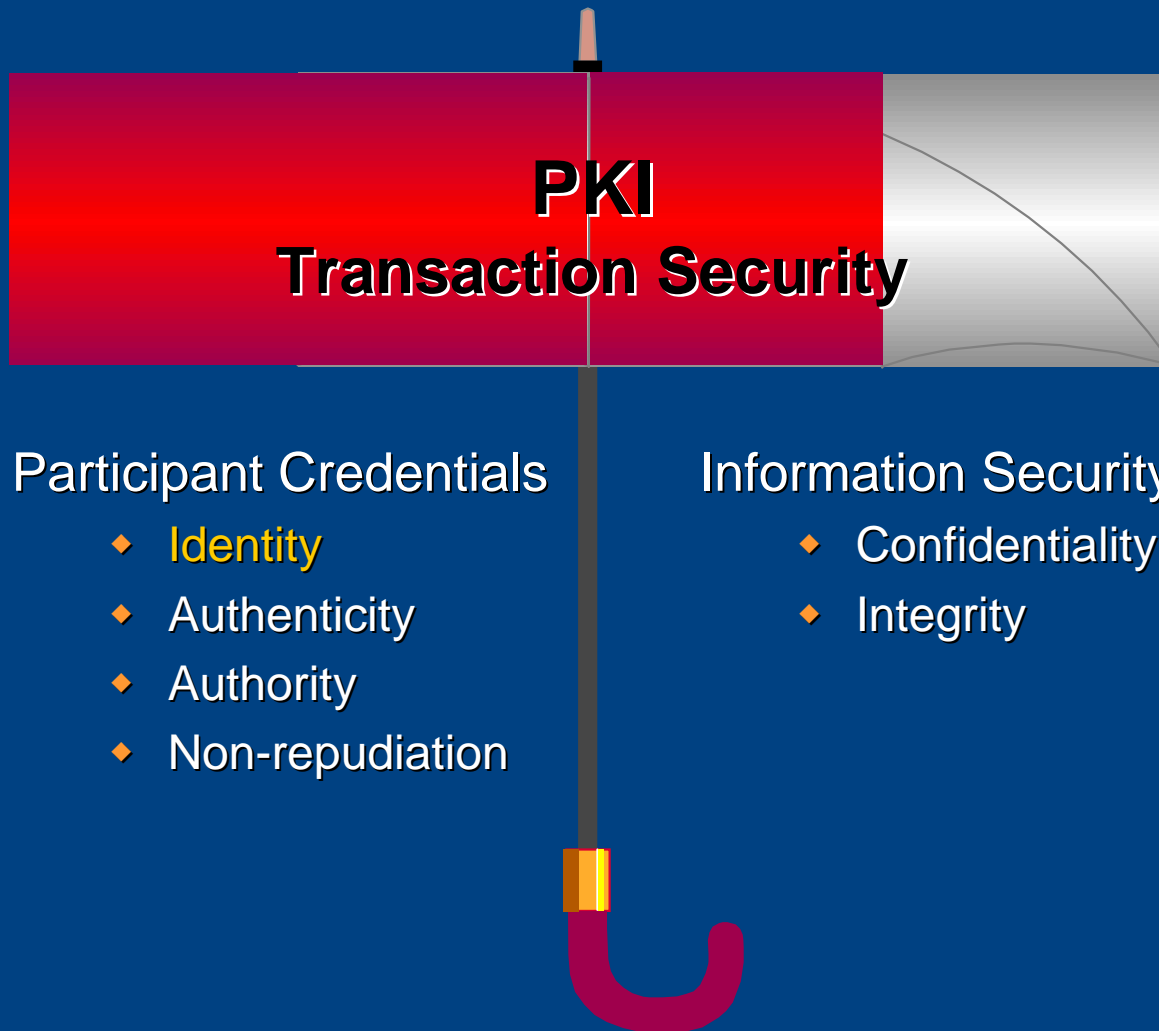


- ◆ Privacy
 - ◆ Secondary purposes
 - ◆ Unknown or unapproved use

- ◆ Information Security
 - ◆ Confidentiality
 - ◆ Integrity
 - ◆ Availability



A Public-key Infrastructure (PKI) protects parties from impostors and transaction denials, and their information from unintended use and alteration



However, for protecting privacy, a PKI can be a mixed blessing



Good News

- ◆ Confidentiality services protect privacy

Bad News

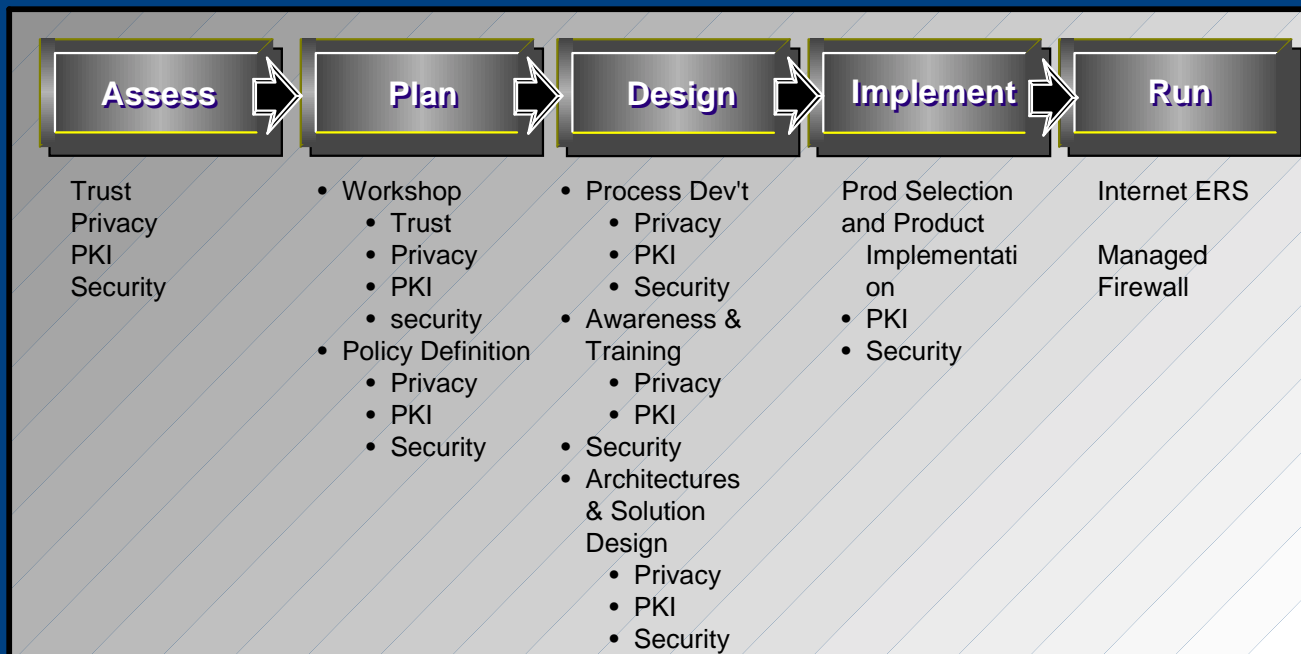
- ◆ **Identity** authentication services disclose behavior

Privacy requires a PKI that protects the **anonymity** of content and thereby enforces **collection limitations**

IBM is interested in helping e-marketplaces and their participants to realize their stickiness and liquidity objectives



- ◆ Trading Networks Offerings
 - ◆ e-Marketplace Visioning and Strategy Workshop
 - ◆ Trading Networks Solution Outline
 - ◆ e-Marketplace Implementation Quick Start
- ◆ Trust, Privacy, PKI and Security Services



Privacy directly contributes to maximizing the business value of B2B e-marketplaces



- ◆ Stickiness and liquidity are the business objectives
- ◆ Security and trust enable stickiness and liquidity
- ◆ A Trust Framework provides a systematic approach to building trusted communities
- ◆ Trust enabling services implement the Trust Framework
- ◆ Privacy protection promotes information sharing with trust enabling services, thereby increasing their value
- ◆ Security is required to ensure privacy and PKI can help
- ◆ Security is the necessary starting point
- ◆ Trust is the destination

Questions?



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