

Checklist - Selecting an e-marketplace

1. Check Point - Identify the e-marketplaces in your industry and targeted markets		
	<p>Use the free accessible eMarket Services directory of e-marketplaces, searchable by geography and industry: www.emarketservices.com</p>	<p>The information about each e-marketplace listed in the directory is obtained from each site itself. After making a shortlist of interesting e-marketplaces, you should go on to check the actual sites.</p>
Issues	<p>For what reason do you want to use an e-marketplace? E.g. for purchasing or selling, for strategic or non-strategic goods, etc. ?</p> <p>Which e-marketplaces exist in your industry and and your targeted markets?</p>	<p>General Horizontal / Procurement Focused e-marketplaces: e-marketplaces for the procurement or sale of non-strategic business inputs such as office supplies or travel services, and e-marketplaces for all industries.</p> <p>Vertical e-marketplaces: e-marketplaces for the sale or purchase of strategic goods and services (i.e. materials that are used in the manufacture or production of finished goods).</p>
Why	<p>By using the eMarket Services directory, you will save a lot of time in scoping the possibilities and eliminating irrelevant sites.</p>	
2. Check Point – Ownership and History		
Issues	<p>Who owns and operates the e-marketplace? How long has the e-marketplace been operating? Are they making a profit or at least covering their costs? Does the e-marketplace have large investors or significant venture capital?</p>	<p>Names of investors and owners (can often be found in section called 'About us').</p> <p>Names of significant strategic alliance partners in the business.</p> <p>Some e-marketplaces publish their financial results on their site to assure users that the business is stable.</p> <p>Some e-marketplaces are 'backed' by large industrial players, so they are probably likely to have a reasonable degree of financial security.</p>
Why	<p>Your competitors or key customers may be an owner in the e-marketplace. You should look for an e-marketplace that is financially secure and structurally stable.</p>	

3. Check Point – Liquidity		
Issues	<p>What is the number of members?</p> <p>Reference Customers - are examples given of industry customers?</p> <p>How much trading is taking place?</p>	<p>Some e-marketplaces will publish the number and names of members and/or the names of industry customers.</p> <p>Some e-marketplaces show statistics on the trade volume generated such as:</p> <p>Value of sales</p> <p>Number of completed sales</p> <p>Number of opportunities / RFQs posted</p> <p>Case studies on significant business deals</p>
Why	<p>You may want to know this information in order to gauge how likely you are to win business through the e-marketplace and weigh up the possible cost / benefit of different e-marketplaces.</p>	
4. Check Point - Membership and Cost		
Issues	<p>Are you eligible to use the e-marketplace?</p> <p>Are users required to register?</p> <p>What are the terms of the User Agreement that users sign?</p> <p>What are the fees and when are they levied?</p> <p>Who pays the fees?</p>	<p>Often the e-marketplace will have a section 'FAQ', which will usually have answers to questions like who is eligible to join.</p> <p>Relevant information will be found in Terms and Conditions.</p> <p>Some e-marketplaces perform credit checks and/or verify the legitimacy of new members.</p> <p>Which types of fee are levied? A flat transaction fee, membership fee, transaction percentage, , catalogue hosting fee, fee to post a request or a combination of any of the above?</p>
Why	<p>Most professional e-marketplaces have a registration process that is required before access is granted. This provides users some assurance that they will meet legitimate businesses in the e-marketplace.</p> <p>It is important to assess the fee structure. You should also weigh this up against the amount of business you are likely to win / generate and compare this with other possible e-marketplaces</p>	

5. Check Point - Trading Tools		
Issues	<p>Which trading tools does the e-marketplace offer?</p> <p>Do the trading tools address the pain points of the industry?</p> <p>Do the trading tools address the needs of your company?</p>	<p>Some e-marketplaces offer a whole range of tools and some simply offer one or two. The range could reflect the quality of the e-marketplace or it could just reflect the fact that the e-marketplace has chosen to focus on a niche process.</p> <p>On www.emarketservices.com you can find an explanation of each of the trading tools offered by e-marketplaces. The directory provides the trading tools of each of the e-marketplaces.</p>
Why	<p>It is important to consider the range of available trading tools, in order to determine whether and to what extent you will be able to use the e-marketplace. For example, if you have a complex or tailored product, an exchange would probably be the most suitable tool, as it would allow you flexibility to decide when to sell / buy and to negotiate aspects such as price, quality, delivery and other terms. For clearly defined products, a catalogue hosting solution may be sufficient for your needs.</p>	
6. Check Point – Ethics		
Issues	<p>Does the e-marketplace have sufficient stakeholders to ensure marketplace independence?</p> <p>Will information about my company, prices, and trading history be stored?</p> <p>What assurances does the e-marketplace provide about the way that they use sensitive data?</p> <p>How are participants selected / admitted?</p>	<p>Related to the issue of data security is that of the e-marketplace's Privacy Policy. Ethics by contrast, apply more to the operational procedures and methodology of the e-marketplace and are most relevant to e-marketplaces that have been established by industry consortia.</p> <p>Read the e-marketplace's Privacy and Security policies</p>
Why	<p>These issues are most relevant if you are afraid of collusive behaviour or price manipulation by either buyers or sellers in an e-marketplace.</p>	

7. Check Point – Security and Privacy		
Issues	<p>Does the e-marketplace reveal the identity of its members?</p> <p>Does the e-marketplace allow users to have a certain anonymity?</p> <p>Who has access to my company's ERP system?</p> <p>Is my company information stored on the e-marketplace's server or in my company's ERP system? Is it in encrypted format or stored as plain text?</p> <p>Has the system been subjected to a security audit? This includes examining the way in which the system was produced and the software/operating system that it relies upon.</p> <p>Is there an IT Security Policy in place to ensure that staff is educated on the importance of confidentiality and security?</p>	<p>Some users may not want their identity to be visible in specific transactions.</p> <p>Most good e-marketplaces post information on their site about their security and privacy policies.</p> <p>The data security provided by an e-marketplace depends on both the technical infrastructure and operational procedures of the e-marketplace.</p> <p>On the technical side, when we talk about data security we need to break the issue up into two main parts. The first deals with transaction security and the second with data storage.</p> <p>There are many ways to deal with transaction security:</p> <p>Server Based Digital Certificates using SSL encryption and Individual Digital Certificates based on Public Key Infrastructure.</p> <p>eMarket Services article about Transaction and Data security: www.emarketservices.com/reports_facts/articles/article021025.htm</p>
Why	<p>Large or well know companies are more likely to desire a degree of privacy or anonymity if they join an e-marketplace. It may be enough that the trading tools provide for anonymous transactions, while the membership list shows them as a member of the e-marketplace.</p>	

8. Check Point – Risks of non-payment or sub-standard product delivery		
Issues	<p>Does the e-marketplace help you manage your trading risks when it comes to issues of non-payment or of delivery of sub-standard product?</p>	<p>Does the e-marketplace offer escrow services / electronic letter of credit through an alliance with a bank or a solution provider like www.escrow.com.</p> <p>Online link / strategic alliance with a credit rating agency like Dun & Bradstreet. www.dnb.com</p> <p>Online link / strategic alliance with an inspection agency like SGS (Société Générale de Surveillance) or Bureau Veritas for the verification, testing and certification of products / services before transacting. www.sgs.com & www.bureauveritas.com</p> <p>Online link / strategic alliance to an independent assessor who checks on a vendor's ability to trade and to produce.</p> <p>Foreign Exchange risk management services (eg alliance with a bank that offers hedging services).</p>
Why	<p>These services can reduce your trading risks. Companies doing international business should take steps to reduce their risks but at the same time should weigh up the risk compared with the cost of eliminating risk.</p>	
9. Check Point - Legal Risk Management		
Issues	<p>What are the legal terms and conditions?</p> <p>What chances do you have to get a fair process in case of a dispute?</p>	<p>Read carefully the section entitled Legal Notices or Terms and Conditions. Some will stipulate a jurisdiction that will prevail in the event of a dispute between parties.</p> <p>Most e-marketplaces will also require you to sign a User Agreement, which will stipulate the obligations, duties, and responsibilities of the participating parties.</p> <p>Many e-marketplaces also provide a moderation service in case of a minor dispute, to find a speedy and non-litigious solution.</p>
Why	<p>It is essential to understand your legal risks and obligations in doing business in any form.</p>	

10. Check Point – Logistic fulfilment & support in calculating landed costs		
Issues	<p>Does the e-marketplace have an online link / strategic alliance with a logistics e-marketplace or offer a choice of transportation services providers?</p> <p>How long will it take to deliver goods and at what cost?</p>	<p>Some e-marketplaces have a facility to calculate landed cost.</p> <p>Some e-marketplaces will help you do part of your international market research by providing you with links to international tariff databases such as the International Customers Tariffs Bureau http://www.bitd.org</p>
Why	An e-marketplace that helps you fulfil the logistic side of a transaction can save you time and money.	
11. Check Point - Interoperability		
Issues	<p>What are your needs in terms of interoperability? (connection between your ERP-system and the e-marketplace)</p>	<p>Interoperability refers to the ability of an e-marketplace to communicate with a variety of software applications.</p> <p>Many e-marketplaces claim that they support ERP integration. This means that the e-marketplace is able to communicate with a lot of ERP systems.</p>
Why	Interoperability is desirable because an e-marketplace user may want to join several e-marketplaces without having to change any of his company systems.	
12. Check Point - Service Orientation, training and support of e-marketplace users		
Issues	<p>Is the e-marketplace web site operational 24 hours a day, 7 days a week?</p> <p>Are contact details easy to find?</p> <p>Is support available at times when you need it, eg in your time zone?</p> <p>Does the e-marketplace offer an online demo tour to give users an overview of how the system works before they sign up?</p> <p>Does the e-marketplace provide training support (face-to-face/by telephone)?</p>	<p>An e-marketplace should be contactable to start with.</p> <p>If you are serious about joining an e-marketplace, we suggest you first contact them to test their responsiveness.</p>
Why	It is important to identify the extent of an e-marketplace's service orientation. Service will usually also be an indication of the adequacy of their staffing and it could become particularly important to you if you have a problem. Training support of new users is an important service. It can save you a lot of time and be the difference between choosing one e-marketplace over another.	