STANDARDS FOR E-BUSINESS

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June 2005
Abstract
This report describes the issues around Standards within e-Business and both assess their relevance and provide guidance on their adoption within organizations. It has been written to provide an understanding of the importance of Standards in e-Business and the key strategic questions to ask.

Key Points
- “A standard is a set of agreed rules and guidelines for common and repeated use for a particular, pre-defined, purpose. It needs to lay down a solid and equitable foundation for the global exchange of goods and services, incorporating all the key elements required by market and societal forces.” (Quote from ISO definition);
- It is important to have the ability to process and communicate information in a completely unambiguous way in order to reduce the cost of managing data information and provide clarity both internally as well as with external customers and suppliers;
- The use of Standards, and which Standards to adopt, needs to be assessed within an overall business requirement;
- Internal standardisation is more urgent than external. In other words, first standardise the internal business processes and then adopt coherent internal technical standards, before investing time and resource to external Standards;
- Although there are many Standards to choose from, they need to be selected and adopted in order to achieve the cost benefits.

What is the current environment?
- Standards bodies approach solutions from multiple perspectives and so may not provide coherent solutions;
- Apart from global standards’ bodies such as ISO, there are a number of major commercial organisations which develop standards including manufacturers, exchanges and market places, enterprise buying organisations and portals;
- The main commercial players often establish de facto Standards. An example of these are the payment card platforms which have developed universally adopted de facto processing and operating standards;
- Standards fall into three categories; namely Content (e.g. the way that goods and services are described such as barcodes), Transaction and Communication; the environment is complex and much jargon is still used (shown in the diagram below);
- Most organisations have adopted Communication Standards. There are fewer choices in Transaction Standards as this area is maturing. The Content area is still very open as regards choice.

What are the benefits of applying standards?
- They ensure clarity of understanding as well as reduce and remove ambiguity;
- The widespread use of a chosen Standard for each business process results in reduced total cost of ownership (lifetime) cost as there is less customisation and the sharing of ongoing costs with more organisations;
The use of a common Standard can act as a catalyst for exchanging and improving business processes, such as those within a supply chain or community permit reduced cycle times and so reduces inventory. In some cases, this can even lead to global warehouse or vendor managed inventory;

Within organisations, common naming and financial Standards result in better management information and information management;

They allow more effective interaction with other organisations and so may lead to increased business opportunities.

Risks

- There are too many technical Standards to choose from. The need to support multiple Standards results in extra costs and can limit effective communication between business parties;
- Some organisations can finish up with two or more systems each with different Standards. The adoption of different Standards in the same business process results in increased cost and less effective management information;
- Standards are not yet finalised which can result in ongoing / continual costs making the lifetime cost of ownership too high;
- Standards are being developed too slowly which results in customisation and hence costs to each organisation. There is also duplication and ‘islands’ of Standards, typically within market communities;
- There is a risk of costs in determining which Standards to use and a risk of picking a Standard which is superseded in the future. Standards which can be further developed, but continue to support backwards compatibility, typically reduce the overall cost of maintenance and upgrades.

Why should I adopt Standards now?

- There is the opportunity to reduce costs sooner through automation of processes;
- Early adopters of a Standard have the ability to help define the Standard to work to their advantage;
- The organisation would gain from being perceived as a business leader in its market;
- Competitors and business partners are already adopting Standards now.

What do I do now?

The decisions as to which Standards to adopt are business ones and not technical. They depend on which community you wish to optimise business with, return on investment and the balance between early adaptors (higher opportunity) and follower (lower risk):

- Identify the needs of your organisation in terms of information flow (internal and external), business processes and market drivers;
- Develop and implement coherent and consistent internal processes;
- Decide which technical Standards you need internally and which ones you use already;
- Talk to your customers – external (look Outwards) and internal (look Inwards);
- Talk to others such as Peer Groups, Trade Associations, Government Bodies and Industry;
- If necessary, use a Standards ‘Translator’ as an interim solution between the internal Standard and external ones.
Sources

http://www.eeurope-standards.org/
http://www.ebusinesslex.net/
http://www.prozeus.de/standards.htm
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