

eMarket Services makes it easier for you to use
electronic marketplaces for international business

COMPANY AUTHENTICATION WITHIN EMARKETPLACES – BASIC VERIFICATION TECHNIQUES

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Report



Abstract

This is the first report, in a three-part series, aimed primarily at small or medium-sized enterprises (SMEs) who would like to increase their awareness, and educate themselves in relation to using eMarketplaces.

When utilizing the services of an emarketplace, particularly for the first time SMEs express legitimate concerns as they become involved in the online negotiation process. One of those concerns is: how do I know the company I am about to contact is genuine?

There are several online verification techniques that your company can adopt, at no expense, which will assist in authenticating the legitimacy of a prospective business partner. As a previous B2B website owner, I strongly believe that by highlighting some of these techniques this report should be beneficial to your company.

The Author

Peter Saint has spent 10 years involved with eMarketplaces creating Eurecycle.com and then working as CEO of Globalrecycle.net.

Currently he continues to work in an advisory capacity for eMarket Services as well as operate his own e-consultancy business. If readers wish to comment, question or highlight any issues raised by this report, Peter can be contacted at peter.saint@emarketservices.com

Verification...Outlining Basic Techniques

If your company has the financial capacity one solution to verifying a company's authenticity is to use the services of a third-party credit rating agency or a business investigation service. Business investigation services should be available in the country you would intend to conduct business and similar to a credit-rating agency, will supply you with a detailed report in relation to a prospective partner's ability to fulfill their contractual obligations. The following link is an example of a business investigation service based in China: <http://www.china-investigation.com/>.

As a previous B2B website owner I am fully aware that not all SMEs have the financial means, or time, to request and pay for verification services on each prospective business partner that you enter into negotiations with whilst using an eMarketplace.

However, as an alternative the Internet provides some extremely useful techniques your company can adopt before entering into negotiations with a prospective business partner. Outlined below I have compiled a listing of some of the free techniques you can invoke to detect whether or not a prospective company is genuine, or a front for an attempt at fraud.

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1. Free Mapping Software: e.g. Google Maps or Bing Maps

Once you decide to make initial contact with a prospective buyer or seller the eMarketplace should allow you to view that company's contact details. Also, you should be able to view the company's description about themselves. As a short example: "We are International Plastic Distributors, from our 20,000 sq ft warehouse we continue to successfully supply many clients throughout the world."

By using their address supplied by the eMarketplace, enter it into a free mapping website such as Google maps. Once the address is located, zoom in, and switch to the Ariel or Satellite view. Are you looking at a 20,000 sq ft warehouse? If not, as potentially occurs, then it's your responsibility to seriously question the authenticity of this prospective partner.

2. Contact Details Verification

While operating an eMarketplace, I was very determined to enforce policies against individuals who would attempt fraud against genuine SMEs, forcing the fraudster to use sites which have less stringent, or no policies against fraud. One of the positive consequences of this, for a SME, is that you have the capacity to attempt to verify a prospective business partner's contact details via a search engine. For example: copy the telephone number supplied by the prospective partner and paste it into a search engine like Google or Bing. Display and check the results. Has the phone number been continuously associated with the company you intend to do business with? Are results being displayed which link that telephone number to a company who operated in a completely different field only a few months ago? Anything which arouses suspicion should be further investigated.

The same verification process can be conducted for other fields within the contact details, such as, fax numbers, cell/mobile phone numbers.

From my own personal experience, searching for a person's name, or email address, tends to provide search results which can assist you in deciding on a company's authenticity. If you search for a person's name, put the name in inverted commas ("name"), and if the results displayed are numerous add additional search details such as their company name, or their name plus the city where the company is located. If the results displayed, for example, discuss a business award presented to your prospective partner from a local chamber of commerce then you can feel more confident you are not dealing with a potential fraudster. However, if the search results display details referring to a past scam carried out by that individual, or company, then do not enter into business with them: despite how good their offer/request may appear to be.

Again, from experience, check the email address supplied as part of the contact details. Particularly if they have supplied a free email addresses such as @yahoo.com, @gmail.com or @hotmail.com. Search results can give a detailed description on what that email address has been used for in the past – assisting you in drawing your own conclusions to the company's authenticity. Finally, if "no results" are displayed for any of the above search techniques then you should question whether, or not, you wish to conduct business with such a business entity – whether they are genuine or not – the risk to yourself is definitely higher.

3. Business References and Feedback

In relation to references you should consider contacting your Government's Trade Promotion Office which may be located in the country where you are about to do business. Their focus is upon assisting your company in benefiting from international trade and would, therefore, have detailed knowledge in relation to local markets. Furthermore, contact a local chamber of commerce based within the area you will be conducting business, and ask to receive more information about the company you will be potentially concluding business with. If neither can provide basic information about your potential business partner you would have to consider whether or not you wish to continue your negotiations.

Asking your potential business partner for reference checks, particularly when using an eMarketplace, should be requested as soon as the negotiation process has been entered. Any genuine company should be able to provide at least three valid business references to you. If you receive only one reference then request at least two more. If the company states that they have just commenced business, and have not had the opportunity to establish further references, you would have to decide if you wish to conclude business with such a new company.

Once you receive their references, use some of the techniques as described in part 2 to check the references out before contacting them. From experience, potential fraudsters have tried to use close associates as their business references, so the above techniques will assist you.

Some eMarketplaces will also provide an area in which you can view feedback provided by other companies who have previously finalized and concluded a transaction earlier. This will allow you to contact the company who the prospective partner dealt with and ask them for further information in relation to their experience: in particular, you should always ask, would you do business with them again?

In conclusion

Basic verification techniques, as suggested above, are available as an inexpensive educational guide to further exploring whether, or not, your company pursues a business transaction with a newly identified prospective partner. By keeping those techniques in mind whilst using eMarketplaces you will discover that you can open new, potentially lucrative, international markets for your company, allowing it to grow successfully and in an atmosphere of trust. My next report will focus on the issue of attempts at fraud in eMarketplaces, and how you can educate yourself to avoid fraudulent scenarios online.