

Joining the Global Supply Chain:
Bringing STP to SMEs and Developing
Nations Through Identity Authentication



All You Need is One.
Enabling an eco-friendly digital world.

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▶ **Although large corporations have automated many aspects of the supply chain, smaller enterprises and developing countries still rely on paper-based links that delay processing and increase the risk of fraud. For these entities to partake in the global supply chain requires a phased approach to digital identity authentication.**

Since the 1990s, supply chain participants have availed themselves of increasing amounts of automation as enterprise software and automation for individual participant functions within the end-to-end supply chain have become readily available. Although automation is the norm for large global corporations, many small and medium enterprises (SME) and developing countries continue to rely on paper and “wet signatures” for authentication of critical documents.

But paper forms and “wet signatures” are not practical for global, cross-border commerce. The buyer, the seller, the distributor, the shipper and the party warehousing the goods most likely will never meet in person to execute their contracts so they must rely upon digital signatures and trust the electronic commitments they make to each other. Moreover, they need to be assured that the infrastructure is so secure that financial institutions around the world are willing to bear the liability associated with business transacted by digital signatures.

For automation to truly be ubiquitous—and for large corporations to expand within existing markets and penetrate new ones—automation costs must become affordable to both developing countries and SMEs around the world. Reducing these costs will only be possible by implementing globally accepted standards for both the physical and financial supply chains. Standards-based Straight Through Processing (STP), coupled with a system that all participants regardless of size or location can trust, will save time, reduce costs and minimize risk.

Identity authentication standards are critical to fully automating the supply chain and providing trust. Corporations must be able to absolutely prove that their designated employees are who they say they are and that the underlying financial systems can reliably execute communication and commerce without manual intervention.

IdenTrust Offers a Standardized, Global Approach to Identity Authentication

As global electronic commerce gained mass acceptance in the late 1990s, financial institutions around the globe agreed on the need for a standard method of identifying individuals and corporations doing business electronically. They formed IdenTrust to develop the Policies (P), legal infrastructure (L), operating rules (O) and the technology requirements (T) for accessing this standard infrastructure. This Rule Set, or PLOT, is the intellectual property owned, maintained and delivered by IdenTrust. Banks participating in the IdenTrust scheme developed a globally interoperable, enforceable and non-repudiable standard accepted by financial institutions around the world that limits liability to the IdenTrust Participants rather than their customers.

IdenTrust is the only globally uniform system of digital identity. Other schemes rely upon local law which varies from country to country. Only a contractual framework such as IdenTrust’s enables customers to form binding contracts over the Internet using digital signatures that are legally enforceable in every country.

The IdenTrust infrastructure enables financial institutions and their users to adopt identity authentication in phases that build toward fully automated STP.

Leveraging Trust in Financial Institutions

The IdenTrust structure leverages the legacy of public trust in financial institutions and their traditional role as commercial intermediaries. Banks have always vouched for customers who are strangers to each other; customer identity is a core feature of all financial services. In addition, financial institutions are regulated by the countries they operate within to perform identity authentication and validation before opening any type of account. IdenTrust leverages the robust Know Your Customer (KYC) procedures that are both local and global. Thus, all IdenTrust certificates meet the same high standard of trustworthiness, regardless of where in the world they were issued.

Because financial institutions have always controlled access to confidential customer data, they are well-positioned as trusted entities to authenticate identities and issue digital credentials. IdenTrust uses the proven, scalable risk model of global credit card systems and its Four Corner model allows customers of different banks to transact business. More importantly, it obviates the need for bridges between issuers.

Phased Delivery of Identity Authentication

SME's and developing countries rely heavily on the basic tools of automation rather than sophisticated ERP systems, often using e-mail for communications with buyers, suppliers, shippers, and others in the supply chain. They use Microsoft Word and Forms and Adobe PDF documents as the main applications to procure new business. They exchange documents as e-mail attachments or print, fax or hand-deliver them with a wet signature if proof of signature or notarization is required. Since these smaller entities typically have more limited resources than larger, more sophisticated corporations, they must rely on a phased approach to a fully automated electronic process that they can adopt at their own pace.

The IdenTrust infrastructure enables financial institutions and their users to adopt identity authentication in phases that build toward fully automated STP. Financial institutions can initially offer SME and developing market customers electronic forms such as PDF or Word documents with signing capability, immediately bringing trust to electronic versions of the forms that they already use. As these users become more comfortable with digital certificates and standards, financial institutions can partner with ERP providers to implement on-demand services or purchase specific applications which they resell. This automation will enable transition to XML-based signing, a standard that is rapidly being deployed around the globe.

With Trust Comes Secure Financing

By enabling users to choose their timeframe for implementing full automation to XML, IdenTrust can include new players in the market and authenticate these new participants so that they can take part in short-term funding. IdenTrust enables purchasers to verify that the parties to a transaction are vetted and authorized to carry out multi-million dollar purchases and financial institutions to verify that purchase orders, invoices and payments are authentic to provide the financing.

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Scaling the Supply Chain Requires Trust

Making each leg of the supply chain secure and lowering risk speeds development of new automated functions. For example, even in the most advanced countries the customs process remains at least partially manual. However, Digital Rights Management (DRM) is rapidly becoming more accepted. Key documents such as the Bill of Lading are being accepted electronically with digital signatures. As trade documents become electronic and moved in a standardized format like XML, complete transaction time shrinks and these savings can be applied to expand into new markets.

Without standards for identity authentication, the key components of the supply chain and trade management cannot be trusted and, without trust, there is limited expansion. Utilizing a globally accepted, financial institution-issued and backed identity enables businesses around the globe to rely on their trading partners regardless of whether they have met them, fuelling the growth of e-commerce.

ABOUT IDENTRUST

IdenTrust is the global leader in trusted identity solutions, recognized by global financial institutions, government agencies and departments, and commercial organizations around the world. IdenTrust enables organizations to effectively manage the risks associated with identity authentication; work interoperably with countries around the world; minimize investment in creating their own policies and legal frameworks; and deploy a spectrum of products insuring trust, smarter, faster, and more cost effectively.

The only bank-developed identity authentication system, IdenTrust provides a unique legally and technologically interoperable environment for authenticating and using identities worldwide. The IdenTrust Trust Infrastructure is predicated on a proprietary framework that combines policies, legal framework, trusted operations and technology (PLOT) to create a comprehensive environment for issuing trusted identities. IdenTrust is the only company to provide a solution incorporating all four of these elements. Customer agreements are valid, binding and enforceable in more than 175 countries. IdenTrust identities are globally interoperable under uniform private contracts recognized in countries around the world. Competing offerings, in contrast, require participants to navigate a confusing maze of public laws that vary from jurisdiction to jurisdiction. Additionally, the IdenTrust Trust Infrastructure maintains the privacy of each and every transaction processed by reading only digital certificate information, not the message itself.

Additional information can be found at www.IdenTrust.com.

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