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# E-commerce is key to global competitiveness – but is there anyone you can trust in the online world?

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*'If a Web site is not able to fulfil a company's demands, the potential buyer will wait less than nine seconds before clicking on to a new site.'*

Gehan Talwatte is a founding partner at *eccelerate.com*, the electronic commerce venture of Dun & Bradstreet, the world's largest business information company. *eccelerate.com* delivers business credentials on buyers and sellers, allowing online trading communities the ability to process E-commerce transactions utilizing objective information. It is dedicated to providing the tools and information required helping power secure, reliable business-to-business E-commerce transactions by leveraging the D&B global database of 57 million companies and the D&B D-U-N-S Number. Gehan is responsible for general management and strategic alliances in Europe, the Middle East and Africa.

Prior to his current appointment, he was Director of Global Internet & Online Services for D&B's Global Marketing Organisation where he specialized in channel distribution strategies. Gehan has also held a range of positions in Electronic Commerce and New Media at D&B in Europe. He established D&B's businesses in India, and has held business development and marketing positions in the software and financial services industries in the USA. Gehan earned his Master of Business Administration (MBA) and Master of International Affairs (MIA) degrees from Columbia University, New York, and holds a B.A. with honours from Swarthmore College, in Pennsylvania.

For additional information on *eccelerate.com*, you can visit the Web site at <http://www.eccelerate.com>

## Abstract

Considers the important role of trust in the context of electronic commerce (E-commerce), not just as a security issue, but as an issue covering the legal environment of purchasing online and the ability to be able to have instantaneous clarification that the person or company involved with has passed a credit verification and is a viable business proposition. Focuses on the services offered by *eccelerate.com* (<http://www.eccelerate.com>), a company providing enabling tools and information to support trusted online transactions. Being an offshoot of Dun & Bradstreet (D&B), *eccelerate.com* uses the D&B database, containing information on over 57 million companies worldwide, to deliver business credentials on buyers and sellers in real-time, at the point of an E-commerce transaction. Working with key digital certificate providers and ensuring that credible information from the D&B database is contained within the certificate enables *eccelerate.com* to provide both authentication and qualification.

## Introduction

According to IDC, global Internet business will be worth \$500 billion by 2002. Forecasts vary on the impact this will have on traditional business methodologies but one thing is clear: industry leaders must have strong E-commerce strategies in place and be aware of both the risks and benefits of this phenomenon.

So what does 'trust' really mean? It may be obvious to all, but when you turn to the *Oxford Thesaurus* to consider its antonym, it is then that its importance really strikes home. Definitions such as 'be sceptical of', 'distrust' and so on emphasize starkly the risk of not understanding who you are dealing with online – the risk of whether or not your company will ever receive payment for the transaction. Trust online is far more than just a security issue – it spans from security

to understanding the legal environment of purchasing online, through to being in a situation that you can have instantaneous clarification that the person or company you are dealing with has passed a credit verification and is a viable business proposition.

## Barriers to European take up of E-commerce

Ernst & Young and the Information Technology Association of America recently conducted a survey and concluded that 'trust' represented one of the most fundamental issues impacting the growth of E-commerce. Of the IT executives it surveyed, 62% believed trust on the Internet was the most significant barrier to E-commerce [1]. This issue poses a significant threat to the thousands of dot.coms being launched every day. Trust will clearly determine the success or failure of an online business.

Even though other research has shown that 51% of consumers still don't trust the Internet, business-to-business electronic trading has enormous potential for transforming traditional commerce, and the staggering 62% who fear online trading need to be convinced. With *Emarketer* estimating the growth rate for E-commerce in Europe at 113% per annum [2] – higher than any other region in the world – implementing a system to protect a company and generate global revenue models via instant 'trust' is paramount. This is validated by figures from Forrester Research which show 85% of electronic purchases being made in 1999 through business-to-business transactions – a far higher proportion than consumer transactions [3].

## Do buyers really need to be aware of who is supplying their goods online?

There are many factors and questions a buyer needs to address when approaching a seller to carry out an E-commerce transaction: How long has the seller been in business? Will it really supply what it says it is going to supply? How long will it take to be delivered? What is the recourse if there is a problem with my purchase? Who is legally responsible if the transaction process fails?

Similarly, the seller has critical pre-transaction clarification needs: Can the buyer afford the requested products? Has it ever had bad credit? Is this the sort of business our company should be trading with? If a legal situation occurs, which laws are applicable? Is this a viable transaction?

In business-to-business E-commerce, the value of a transaction is generally much higher and more critical than that of a consumer transaction. Again, the message is clear and the need for online trust obvious. You are not dealing in pounds, purchasing a CD or book; companies are dealing in thousands of pounds/dollars, and the end products could be anything from a new set of office chairs to thousands of PCs.

## Other risks and solutions?

Then there is the question of physical trading *versus* electronic trading. In the physical world a cheque can be handed over, or an invoice completed, or a contract signed. This cannot happen in the online world where the business-to-business transaction process is validated through trust.

Orders and transactions are processed in real-time in a matter of seconds, not allowing time for the buyer or seller to manually investigate the viability of the company it is trading with. As a result of the online needs, companies such as *accelerate.com* have introduced security and identification tools such as digital certificates.

The recent legal recognition of digital certificates has reinforced the need for trust in online transactions. However, companies still want to know how the certificate has been issued, who has issued it and what credentials were ascertained in order to earn the certificate. Additionally, each individual business needs to be able to set its own rules and credentials for acceptable trading partners. A certificate cannot simply offer authentication. To prove that a company is who it says it is, it must also offer qualification – to determine whether that company is able to meet your requirements, be this in terms of size, credit rating or location.

The obvious difference between physical and online trading is a critical element in realising the impact that a lack of trust will have on E-commerce. In the physical world, trust develops over time. In the online world, time is compressed dramatically. Cheskin Research [4] believes that Internet trust is still relatively shallow because time is so crucial to deepening trust. The primary

components to bring about trust include; seals of approval (i.e. digital certificates), brand (to enhance credibility), navigation, fulfilment, presentation and the technology used.

## Nine seconds to develop loyalty...

The Net generation is certainly not a loyal one. The Internet presents millions of options to the user. Search facilities can be used to streamline the purchasing process and in a matter of seconds, users can have at their fingertips, a list of products that match specified criteria, 100%. If a Web site is not able to fulfil a company's demands, the potential buyer will wait less than nine seconds before clicking on to a new site.

The sheer speed of the Internet, combined with the wide choice it offers, means buyers are trading on sites they have never heard of before and frequently have no company background information.

As speed is the key benefit offered by the Internet, buyers will not have the time to research the merits and downfalls of a potential trading partner. Forrester Research agrees that today's buyers have no assurance of the validity of information presented on the Internet, or that the payment and delivery systems being used are reliable [5]. Reinforcing assurance in online transactions should therefore be the key objective of all business-to-business E-commerce offerings, if they hope to succeed in such a competitive industry.

What are companies doing to demonstrate the value of their E-commerce services? Most companies entering E-business take sufficient measures to enhance security, but no matter how well a company might protect itself from external threats, these measures do not guarantee the successful completion of a transaction, from initial purchase right through to final delivery. Other elements such as guaranteeing delivery within a certain timeframe and having the necessary funds to support purchases, are vital in trusting the company with whom you are trading, and these elements are often harder to achieve than eliminating chances of external security threats. The Yankee Group raises this as a serious issue and believes that online sellers focused exclusively on security will quickly be replaced by more savvy, responsive competitors who understand the broader issues that stimulates transactions [6].

## Why is trust such a key concern before entering E-commerce?

Earning the trust of a potential trading partner is clearly a big obstacle in creating a truly online business world, and companies need to act fast to overcome this obstacle. Peter Sandergaard, Gartner Group's Managing Vice President, estimates that by 2005, 70% of business-to-business commerce will be 'Internet involved', compared to 25% of consumer spending [7]. In addition, Anderson Consulting has said that, at current projections, the electronic economy will overtake the traditional industrial economy by 2003 [8]. These projections are huge, but in order to reach them, trust has to be achieved.

At a recent CBI conference, Bill Gates described the Internet as the 'ultimate market-place' and maintained that the UK had the potential to become a world-class leader in E-commerce. Several years ago Forrester pointed out that although there are millions of users and thousands of companies online, the Internet is lacking the services needed to bring buyers and sellers together [9]. We are clearly seeing a growth in these services as we enter the twenty-first century and depending on their quality, they will ultimately engender trust in online transactions.

A combination of elements enables the buyer and the seller to achieve mutual trust. It is not enough to simply come to a Web site and expect to participate in an online transaction when the other party knows very little about your company. Trading partners need to be able to determine that the other party is qualified (in terms of credit rating, credibility or location) to trade with your business.

Many companies are adopting this line of thought, and have started making specific demands on those they trade with online and eliminating those that do not meet these requirements. New technologies now allow companies to lay down rules and only proceed with a transaction if the other party is able to conform to specified credentials. Speed of trust is therefore a key component and a source of competitive advantage.

accelerate.com is one company that provides the tools and information to enable a trusted online transaction. As an offshoot of Dun & Bradstreet, we use the D&B database, which contains information on more than 57 million companies worldwide. This enables us to deliver

business credentials on buyers and sellers in real-time, at the point of an E-commerce transaction. Working with key digital certificate providers, and ensuring that credible information from the Dun & Bradstreet database is contained within the certificate, we are able to provide not only authentication but – more importantly – qualification.

Cheskin Research concludes that without trust, development of E-commerce cannot reach its potential. Services such as *eccelerate.com* provide solutions that can bring total trust for both buyer and seller and help take E-commerce to its full potential.

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