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**UNITED NATIONS CENTRE FOR TRADE FACILITATION AND ELECTRONIC BUSINESS**  
**(UN/CEFACT)**

**EVALUATION OF ALTERNATIVE DEVELOPMENT ENVIRONMENTS AND ORGANISATIONS FOR**  
**UN/CEFACT ELECTRONIC BUSINESS STANDARDS WORK PROGRAMMES**

## **Report of Analysis and Recommendations**

**APRIL 30, 2003**

The present document contains Annex 2 to the Chairman's Report (TRADE/CEFACT/2003/MISC.10) and is submitted by the UN/CEFACT Steering Group for distribution to the UN/CEFACT Plenary. It is submitted in the form in which it was received by the secretariat.

## TABLE OF CONTENTS

|   |      |
|---|------|
| 1.0 Background.....   | 3    |
| 1.1 Progressing The Vision.....   | 3    |
| 1.2 Discussions with the United Nations Office of Legal Affairs (OLA) .....         | 4    |
| 1.3 CSG Discussions.....  | 5    |
| 2.0 Scope .....   | 5    |
| 3.0 Terms and Definitions.....  | 6    |
| 4.0 Alternatives .....  | 7    |
| 4.1 Amplifying Comments.....  | 7    |
| 5.0 Analysis of Alternatives.....   | 8    |
| 5.1 Objectives.....   | 8    |
| 5.2 Weights and Scoring .....   | 9    |
| 5.3 Analysis Summary.....   | 10   |
| 5.3.1 Alternative 1 - Independent United Nations Centre .....                       | 10   |
| 5.3.2 Alternative 2 - ITU Secretariat.....  | 12   |
| 5.3.3 Alternative 3 - Transition to ITU .....                                       | 14   |
| 5.3.4 Alternative 4 - Transition to ISO .....                                       | 16   |
| 5.3.5 Alternative 5 - Join International User Group .....                           | 19   |
| 5.3.6 Alternative 6- New Standards Organisation .....                               | 21   |
| 5.3.7 Alternative 7 - Forum “Club” or Limited Liability Corporation (LLC).....      | 23   |
| 6.0 Conclusions .....   | 25   |
| 6.1 Summary.....  | 25   |
| 6.2 Recommendations .....   | 26   |
| Annex A    Support Service Provider.....  | A-27 |
| Background.....   | A-27 |
| Discussion .....  | A-27 |
| UNECE Core Functions.....   | A-27 |
| Support Service Provider Functions .....  | A-28 |
| Performance Requirements.....   | A-28 |
| Other Considerations .....  | A-29 |
| Annex B    An Overview of Resource Requirements .....                               | B-30 |
| Annex C    Terms Of Reference.....  | C-31 |
| Annex D    Representative Snapshot of UN/CEFACT Electronic Business Standards ..... | D-32 |
| Annex E    Graphical Representations of Alternatives .....                          | E-34 |
| Annex F    The United Nations System.....   | F-37 |

## TABLES

|   |    |
|---|----|
| Table 1 Scoring Explanation.....                        | 9  |
| Table 2 Objective Evaluation Weights .....              | 9  |
| Table 3 Computation Example .....                       | 10 |
| Table 4 Alternative Assessment and Scoring Matrix ..... | 23 |

## 1.0 BACKGROUND

In March 2001 UN/CEFACT confirmed its long-standing strategy to work toward creation of a comprehensive, global eBusiness standards development environment.<sup>1</sup> In doing so the Plenary recognised that (1) the environment was undergoing dramatic and substantive change, and (2) the consequences to UN/CEFACT would necessitate a fundamental change to existing practices and relationships. The imperative for change derived from, inter alia:

- ◆ the nature and pace of technology advances,
- ◆ the costs attributable to establishing and maintaining technology capabilities,
- ◆ the need expressed by governments and businesses alike for standards development at “Internet speed”,
- ◆ the need to dramatically expand awareness of existing and future UN/CEFACT products,
- ◆ the flexibility to support ever-expanding user requirements, and
- ◆ the need for the United Nations to secure an inclusive process to build digital bridges to overcome the digital divide.<sup>2</sup>

### 1.1 Progressing The Vision

The UN/CEFACT Steering Group (CSG) identified three principles essential to achieving its vision:

1. Create an integrated organisational structure that facilitated rapid, coordinated standards development;
2. Provide adequate resources to support the standards development process; and
3. Adopt an Intellectual Property Rights (IPR) policy that is acceptable to contributing parties.

Significant progress has been made in establishing a revised UN/CEFACT Group organisational structure, facilitating the inauguration of the Forum and Group working environment, and adopting an Open Development Process as the basis for progressing an integrated work programme.

Despite considerable effort, virtually no progress has been made in providing adequate resources to support the short- and long-term objectives of UN/CEFACT. UN/CEFACT and UNECE have had to determine policy and strategy regarding the need to augment both the levels of support and the attendant funding. Issues that have had to be considered include: delineation of the core functions for the UNECE secretariat; determining the appropriate process to obtain the services of a Support Service Provider (SSP); limitations on operational requirements derived from existing United Nations rules that preclude an ability to charge for services; use of the United Nations logo; etc. In many respects these issues are new to the

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<sup>1</sup>TRADE/CEFACT/2001/7/Rev 1, *Realisation of the UN/CEFACT Vision from an E-Business Standards Strategy*

<sup>2</sup> Millennium Declaration by the Secretary General, ISBN:92-1-100844-1

UN, and progress has been hampered by the lack of definitive existing guidelines covering UN/CEFACT's specific situation.

In a letter from the Chairman on 21 November 2002, Heads of Delegation were sent a document outlining the services required from a SSP. For ease of reference, this document is included as Annex A. In addition, Annex B contains an overview of the type and level of resources that are required.

Limited progress has been made in developing and adopting a draft UN/CEFACT IPR policy.

## 1.2 Discussions with the United Nations Office of Legal Affairs (OLA)

Progress has also been limited by the absence of proactive discussion with the OLA based on a full understanding of UN/CEFACT's requirements. However after discussions between the UNECE secretariat and the OLA, an opportunity evolved for the UN/CEFACT Chairman, CSG Chair, and UNECE representatives to meet with an OLA official from United Nations Headquarters (New York) February 2-3, 2003. During those meetings UN/CEFACT officials were able to confirm our objective to work within the United Nations umbrella, explain our requirements, and clarify misunderstandings and misperceptions relative to UN/CEFACT's intent.

The OLA official was appreciative of the explanations and understood that many prior difficulties resulted from how the United Nations interfaced with private sector organisations. The OLA identified documentation reflecting an intent on the part of the United Nations to find a way to work more closely with industry. Although the discussions were quite positive, the OLA expressed a series of thoughts that significantly impact UN/CEFACT's ability to execute its desired vision. Those points relate to the same three principles the CSG identified and include:

- ◆ Organisation

1. The activities of UN/CEFACT would have benefited if the appropriate decision making bodies had explicitly recognised the scope and mandate of UN/CEFACT's work.
2. A revised R.650 would need to be adopted by the UNECE Committee for Trade, Industry and Enterprise Development (CTIED), and other bodies, such as ECOSOC, as appropriate.

- ◆ Support Service Provider

1. United Nations rules prohibit charging fees for participation or services.
2. Development and maintenance of any repository or database resulting from the work of United Nations sanctioned Groups and their respective intellectual capital is an innate United Nations function.
3. Any externally developed and maintained repository and database must be open, transparent and freely available to standards developers and plenary delegations.

- ◆ Intellectual Property Rights

1. The OLA has committed to a speedy review of the proposed UN/CEFACT IPR policy.

2. Concerns on IPR policy include the need to preclude liabilities being “passed through” to the UN.

The meeting concluded with expressions of intent by all parties to continue the dialogue and expeditiously pursue resolution of all open issues and questions.

### 1.3 CSG Discussions

Following a review of the foregoing the CSG agreed to actively contribute to discussions with the OLA and to do whatever was necessary to ensure the full accreditation of UN/CEFACT. However, serious questions do exist as to the outcome of this effort. Some of the more significant concerns raised include:

- ◆ How can SSP operating costs be recovered and provide a sufficient business opportunity for an organisation to serve in a SSP role?
- ◆ If the United Nations cannot agree to the proposed IPR policy for UN/CEFACT, will the existing United Nations policy reduce the interest of organisations and individuals to actively participate in future eBusiness standards development under the United Nations umbrella?
- ◆ Will lack of an SSP and a restrictive IPR policy that does not meet the requirements of UN/CEFACT place the effective operation of empowered Groups (and the Forum) in jeopardy?
- ◆ How important is the United Nations umbrella to eBusiness standards developers and at what price?
- ◆ Has our prior success with UN/EDIFACT pushed the United Nations to its limits in its ability to provide an environment that will support future work?

Therefore, while awaiting the urgently needed guidance from the United Nations OLA on the feasibility of the suggested ways to support this work in the new UN/CEFACT Forum environment, the CSG decided it had an important responsibility towards its standards developers and should thus also explore parallel paths for a way forward.

Accordingly, the CSG established two groups charged with evaluating the worst case “what if” scenario:

- ◆ What would UN/CEFACT look like without the presence of eBusiness standards development activity (Group A)?
- ◆ What alternatives exist for transitioning UN/CEFACT’s eBusiness standards activity to other development environments and organisations (Group B)?

## 2.0 SCOPE

This document constitutes the report and recommendations of the CSG group (Group B) charged with investigating the alternatives for transitioning eBusiness standards development to other organisations. Annex C provides the applicable terms of reference for Group B. Essentially, the Group was charged with

- ◆ investigating the available alternatives for continuing eBusiness standards development should UN/CEFACT withdraw from that function,
- ◆ analysing those options, and

- ♦ recommending the best way to proceed while maintaining the strongest links with UN/CEFACT Plenary.

**The Group wishes to emphasize that this document represents a report of the analysis and a recommendation only. Any decisions should and will be made by the Plenary.**

Also, the Group clearly recognizes the potential emotional and political implications of such a topic. The matter has been conducted in the strictest sense of confidentiality. Nevertheless, any such analysis must consider the perspectives attributable to our user and stakeholder communities. Accordingly, a degree of collaboration with those communities, at an appropriate level of detail, has been included in the deliberations and the analysis reflected in this document.

In all of the alternatives that have been examined, the Trade Facilitation function is considered to remain within the scope of UN/CEFACT responsibilities, as inherently central to the mission of the United Nations and UNECE. Clearly, the United Nations is responsible for making recommendations to governments, commerce, industry and institutions on matters related to conducting trade. That function might involve evaluating any and all relevant standards and then adopting as recommendations any specification, regardless of the source. Thus, should eBusiness standards development be transferred from UN/CEFACT's remit, the United Nations would still be in a position to retain open and transparent communications with the resulting developing organisation to convey requirements, utilise the results, and evaluate their suitability for a United Nations Recommendation.

### 3.0 TERMS AND DEFINITIONS

Effective analysis begins with agreement on terminology. We identified several terms that are central to this discussion and applied the following definitions in order to establish a consistent framework for our discussions.

***Electronic Business.*** The application of information and communication technologies (ICT) to transform business processes, improve productivity and increase efficiencies. It enables an organisation to easily communicate and transact with its business associates; automate and integrate information exchange; and conduct business in a secure manner.

***Electronic Business Standards.*** Nationally or internationally developed and accepted technical specifications, principles, and models that define the parameters within which parties conduct electronic business.

***Trade Facilitation.*** The systematic rationalisation of formalities, processes, procedures, and documentation for international trade.

***Electronic Commerce.*** A subset of electronic business dealing with conducting online commerce (i.e., buying, selling, transporting and paying).

***Electronic Government.*** A subset of electronic business that includes inherently regulatory processes (e.g., customs).

By no means are these definitions internationally recognised and “approved”. Rather, they simply reflect our collective understanding and were used to clarify terminology that may be associated with this review.

Annex D is provided as a sampling of initiatives that could be included in the deliberations relative to what constitutes eBusiness standards.

## 4.0 ALTERNATIVES

On the basis that any scenario is a worst case “what if” position, and recognising that once clear guidance has been received from the OLA, the status quo may be the best option. Nevertheless, the following alternative scenarios have been developed with no initial constraints as to their viability. In all cases we were mindful that in defining any new development environment, we should leverage the excellent reputation and prominence enjoyed by UN/CEFACT without in any way damaging the recognition of UN/CEFACT by the global trading community as a reliable, viable source of information and assistance.

The following alternatives were included in our overall analysis. Additionally, Annex E provides a graphical representation of the alternatives to assist in interpreting the intent and relationships embodied in each alternative.<sup>3</sup>

**Alternative 1. *Independent United Nations Centre.*** Transform UN/CEFACT to the status of a specialist agency under the overall United Nations umbrella similar to International Maritime Organisation (IMO) or ITU.

**Alternative 2. *International Telecommunication Union (ITU) Secretariat.*** Retain UN/CEFACT “as is” under the UNECE but augment UNECE secretariat support by obtaining additional support services through the ITU.

**Alternative 3. *Transition to ITU.*** Request the establishment of a new working organisation within the ITU for eBusiness standards development and encourage the UNECE to endorse the work products as Recommendations.

**Alternative 4. *Transition to ISO.*** Establish a working organisation under ISO and encourage the UNECE to endorse the work products as Recommendations. The organisation could take the form of a new Technical Committee, a Subcommittee under ISO JTC1 (ISO Joint Technical Committee 1 – Information Technology Standards), or a Working Group under ISO JTC1 SC32 (ISO JTC1 Sub Committee 32 - Data Management and Interchange). Have work endorsed by UN/CEFACT as Recommendations.

**Alternative 5. *Join International User Group.*** Transition the work programme to an internationally recognised user group which, if they are not already a member, would become a member of UN/CEFACT (e.g., as an NGO). Have work endorsed by UN/CEFACT as Recommendations.

**Alternative 6. *New Standards Organisation.*** Create a completely new standards organisation with no formal linkage to UN/CEFACT.

**Alternative 7. *Forum “Club” or Limited Liability Corporation (LLC).*** UN/CEFACT Forum sponsor development of a “Club” or LLC that would provide support to the existing Forum while remaining under UN/CEFACT sponsorship.

### 4.1 Amplifying Comments

Two additional matters require explanation as they represent events transpiring external to this analysis and a rationale that was applied to the analysis.

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<sup>3</sup> In particular, the modus operandi of the International Telecommunication Union (ITU) has been noted to include increased activity in the area of eBusiness and was viewed as being consistent with the three principles identified by CSG as being key to achieving UN/CEFACT’s vision.

First, subsequent to the initiation of this analysis information was received by the CSG indicating that one or more large corporations would favourably consider providing the full range of services expected of an SSP as a full contribution-in-kind to UN/CEFACT. No stipulations would be placed requiring the use of the United Nations logo. No charges for meetings, operating costs, etc. would be applied. Because this represents the ultimate and most desirable solution to the resource issue, the offer deserves further consideration and dialogue. Nevertheless, the Group felt that it was appropriate to continue the work as set forth in the Terms of Reference while pursuing the offer on a parallel path.

Second, the foregoing alternatives do not portray an option to retain portions of the existing eBusiness standards work (i.e., UN/EDIFACT, codes associated with UNECE Recommendations, etc.) within the UNECE and transfer remaining components of the eBusiness work programme to another organisation. This alternative was originally considered but eliminated from the evaluation process. The rationale for the decision recognised that the full body of eBusiness standards development represents a cohesive body of work that should be bound together to maintain the interdependencies that exist among the numerous components and the need to ensure alignment among all the components. The alternative suggests issues of “development” verses “publication” which were not considered appropriate for purposes of this analysis. However, under any scenario it is recognised that the UNECE would wish to retain the right to publish the UN/EDIFACT directories, and to ensure the quality and transparency of any directory production process.

## 5.0 ANALYSIS OF ALTERNATIVES

This section summarizes the analysis of each of the foregoing alternatives.

Each alternative was considered to be viable and reviewed independently of any other alternative. To ensure consistency in the evaluation process a series of objectives was developed identifying a set of desired outcomes should the alternative be adopted. Each alternative was then assessed within the context of the set of objectives. Each objective was assigned a weighted value to signify its individual importance relative to the other objectives, with the total of all weights being 1.0.

During the assessment process each objective was given a score of 1 to 5 representing how well that alternative met a specific objective. The result was a total weighted score derived for each alternative.

### 5.1 Objectives

The following reflect the objectives that were used in the analysis.

1. Confirm clear recognition that international eBusiness standards development falls within the potential organisation’s mandate.
2. Realise an operating environment that provides resources adequate for supporting desired operating levels.
3. Achieve a global, open, transparent environment for participation and standards development activities.
4. Realise an environment that supports a comprehensive, rapid and technologically adept standards development process.
5. Ensure an environment that fosters a close working relationship with UN/CEFACT, including its overall objectives for improved international trade facilitation.



6. Achieve international recognition, credibility and relevance as the leading standards development organization for eBusiness.
7. Foster a perspective for harmonisation of the work programme with other internationally recognised standards groups.
8. Ensure the IPR policy of any potential organisation encourages maximum user participation and offers no restrictions on the further use of any standards or specifications.
9. Ensure that a fast, easy and non-disruptive transformation process is obtainable.

## 5.2 Weights and Scoring

Table 1 identifies the scoring system used in evaluating each Objective:

**Table 1 Scoring Explanation**

| Score | Explanation   |
|-------|---|
| 5     | Strongly supports the objective                           |
| 4     | Moderately supports the objective                         |
| 3     | Neutral to the accomplishment of the objective            |
| 2     | Moderately detrimental to accomplishment of the objective |
| 1     | Strongly detrimental to accomplishment of the objective   |

Table 2 identifies the weights that were assigned to each objective and reflects their relative significance in the overall evaluation:

**Table 2 Objective Evaluation Weights**

| Objective | Weight |
|-----------|--------|
| 1         | .05    |
| 2         | .2     |
| 3         | .15    |
| 4         | .1     |
| 5         | .15    |
| 6         | .15    |
| 7         | .05    |
| 8         | .08    |
| 9         | .07    |
| Total     | 1.0    |

Table 3 provides an example of the computational process used to derive a final score for a sample alternative:

**Table 3 Computation Example**

|             | Objective Weight | Score | Weighted Score (weight x score) |
|-------------|------------------|-------|---------------------------------|
| Objective 1 | .05              | 5     | .25                             |
| Objective 2 | .2               | 2     | .4                              |
| Objective 3 | .15              | 4     | .6                              |
| Objective 4 | .1               | 3     | .3                              |
| Objective 5 | .15              | 5     | .75                             |
| Objective 6 | .15              | 3     | .45                             |
| Objective 7 | .05              | 1     | .05                             |
| Objective 8 | .08              | 1     | .08                             |
| Objective 9 | .07              | 4     | .28                             |
| Totals      | 1.0              | N/A   | 3.16                            |

### 5.3 Analysis Summary

The following discussion documents the analysis conducted for each alternative considered and summarizes salient points applicable to each alternative. Scoring is summarized in a scoring matrix provided at the end of the discussions.

#### 5.3.1 ALTERNATIVE 1 - INDEPENDENT UNITED NATIONS CENTRE

##### 5.3.1.1 Description

This alternative proposes to transform UN/CEFACT to the status of a specialist agency under the overall United Nations umbrella. Appendix F portrays the United Nations system and provides a perspective within which to further assess this alternative.

The organisation would be autonomous and work with the United Nations through the coordinating machinery of the United Nations' Economic and Social Council. In principle, the UN/CEFACT remit would be expanded in terms of its globality and autonomy but would be more focused on eBusiness. The Trade Facilitation function would remain as a core function for the UNECE.

Receptivity to a new organisation as well as the inevitable protracted time required to gain an appreciation for the need a new organisation effectively negates the viability of this alternative. Any such activity would also be extremely disruptive to the existing UN/CEFACT work programme in terms of tending to delay the progress needed to develop and implement procedures, stabilise its organisation structure, and solidify its place in the eBusiness community.

### 5.3.1.2 Main Advantages

- ◆ Creation of a new mandate that is sufficiently broad to fully encompass both current and future requirements.
- ◆ Can create business practices that lead to sufficient resources.
- ◆ Discussions with the existing empowered Group membership placed a high value on the recognition and association now achieved while working with the United Nations.

### 5.3.1.3 Main Disadvantages

- ◆ Time to gain appropriate approvals, create, and “start up” new organisation is prohibitive.
- ◆ Lack of need or scope attributable solely to eBusiness activities sufficient to warrant creation of a new agency.
- ◆ Prevalence of eBusiness matters and the diversity of other special agency remits mean unlikely transfer of functions, creating confusion and competition.
- ◆ Scale of start-up costs and operating costs could easily become prohibitive.
- ◆ Membership and membership fees, both for delegations and corporate participants, could be prohibitive and a disincentive to membership.
- ◆ Requires significant effort to develop the branding to clearly differentiate the new organisation from its competition.
- ◆ Relevance and credibility would not be diminished because of lag time to achieve recognition.
- ◆ Likely conservative approach would tend to negate the desired flexibility to create an IPR policy consistent with the needs of the corporate and stakeholder communities.

### 5.3.1.4 Evaluation and Weighting Against Objectives

| <b>Alternative 1 - Independent United Nations Centre</b>   |  |                  |
|--|--|------------------|
| <b>Objective</b>   | <b>Evaluation</b>  | <b>Weighting</b> |
| 1. Confirm clear recognition that international eBusiness standards development falls within the potential organisation’s mandate. | Doubtful that scope of the eBusiness remit and recognition by other existing agencies would permit approval to create a new agency   | <b>1</b>         |
| 2. Realise an operating environment that provides resources adequate for supporting desired operating levels.                      | Potential to accomplish but start-up and initial overhead costs would make long-term operations highly doubtful  | <b>1</b>         |
| 3. Achieve a global, open, transparent environment for participation and standards development activities.                         | Special provisions would be required which did not limit involvement. The anticipated cost structure passed on to corporate participants would mean only large corporations would be able to afford the necessary contributions. The result would result in a non-viable value proposition | <b>2</b>         |
| 4. Realise an environment that supports a comprehensive, rapid and technologically adept standards                                 | Processes could be substantively improved and streamlined, including the interjection of technology to facilitate the improvements.  | <b>5</b>         |

|  |  |          |
|--|--|----------|
| development process.   |  |          |
| 5. Ensure an environment that fosters a close working relationship with UN/CEFACT, including its overall objectives for improved international trade facilitation.             | Not directly applicable to this alternative as the old and new organisation would be one in the same.  | <b>2</b> |
| 6. Achieve international recognition, credibility and relevance as the leading standards development organization for eBusiness.   | Although intuitively this alternative has high potential, realistically recognition will not be easily forthcoming. Current levels of credibility and relevance will suffer greatly.   | <b>1</b> |
| 7. Foster a perspective for harmonisation of the work programme with other internationally recognised standards groups.  | If recognition is not immediately available, it is unlikely that this objective will be supported adequately.  | <b>2</b> |
| 8. Ensure the IPR policy of any potential organisation encourages maximum user participation and offers no restrictions on the further use of any standards or specifications. | As a new organisation likely subjected to a conservative approach to ensure adequate control mechanisms are in place during the organisation's infancy, it is unlikely the desired flexibility will be available to create an IPR policy consistent with the needs stakeholders. | <b>2</b> |
| 9. Ensure that a fast, easy and non-disruptive transformation process is obtainable.   | Protracted approval and start up time are prohibitive.   | <b>1</b> |

### 5.3.2 ALTERNATIVE 2 - ITU SECRETARIAT

#### 5.3.2.1 Description

Established in 1865, the ITU (<http://www.itu.int/>) is the oldest international standardisation organisation in the world and a specialized agency within the United Nations system. It is a plenary member of UN/CEFACT, and is one of the four de jure standardisation organisations. The ITU, along with the ISO, IEC and the UNECE, is a signatory to MoU on electronic business.

The ITU responded formally to a recent call to Heads of Delegations for contributions-in-kind for a SSP and have expressed an interest in exploring further the possibilities of providing certain services to UN/CEFACT. As might be expected ITU has a very good technology understanding and infrastructure and, for example, could easily host websites. Further, as they are in the United Nations system, if they did so there would appear to be no restriction on those web sites carrying the United Nations logo - something that is not possible to do on sites outside the United Nations system.

However, to contract the services of an SSP, they would a) need to receive external funding or a contribution-in-kind b) work with a receptive member state to consider going to their Council to seek approval for such a commitment. In this respect the ITU is basically no different to the UNECE although it appears that some of the restrictions that are faced in the UNECE do not apply to the ITU, e.g. it is probable that a charge for services can be made to non-ITU members.

The real questions that must be asked about this alternative are:

- ◆ Would the ITU Council sanction the contracting of an SSP in support of another United Nations body, as opposed to doing so for a part of the ITU organisation?
- ◆ What are the advantages of this alternative as against Alternative 3?

#### 5.3.2.2 Main Advantages

- ◆ It would be a very convenient solution within the United Nations system.
- ◆ Forum websites could be hosted by ITU and carry the United Nations logo.
- ◆ It would develop the synergies that potentially exist between the ITU and the UNECE.

#### 5.3.2.3 Main Disadvantages

- ◆ For the ITU it is a half way house which the ITU Council may not sanction.

#### 5.3.2.4 Evaluation and Weighting Against Objectives

| <b>Alternative 2 - ITU Secretariat</b>   |   |                  |
|--|---|------------------|
| <b>Objective</b>   | <b>Evaluation</b>   | <b>Weighting</b> |
| 1. Confirm clear recognition that international eBusiness standards development falls within the potential organisation's mandate.                                 | No change from status quo.  | <b>3</b>         |
| 2. Realise an operating environment that provides resources adequate for supporting desired operating levels.  | The ITU may provide a more flexible environment but resources are not guaranteed. | <b>3</b>         |
| 3. Achieve a global, open, transparent environment for participation and standards development activities.   | No change from status quo.  | <b>3</b>         |
| 4. Realise an environment that supports a comprehensive, rapid and technologically adept standards development process.  | No change from status quo.  | <b>3</b>         |
| 5. Ensure an environment that fosters a close working relationship with UN/CEFACT, including its overall objectives for improved international trade facilitation. | No change from status quo.  | <b>3</b>         |
| 6. Achieve international recognition, credibility and relevance as the leading standards development organization for eBusiness.                                   | Being more closely associated with the ITU may be perceived positively.           | <b>4</b>         |
| 7. Foster a perspective for harmonisation of the work programme with other internationally recognised standards groups.  | No change from status quo.  | <b>3</b>         |
| 8. Ensure the IPR policy of any potential organisation encourages maximum user participation and   | No change from status quo.  | <b>3</b>         |

|  |               |          |
|--|---------------|----------|
| offers no restrictions on the further use of any standards or specifications.        |               |          |
| 9. Ensure that a fast, easy and non-disruptive transformation process is obtainable. | Not relevant. | <b>3</b> |

### 5.3.3 ALTERNATIVE 3 - TRANSITION TO ITU

#### 5.3.3.1 Description

Established in 1865, the ITU (<http://www.itu.int/>) is the oldest international standardisation organisation in the world and a specialized agency within the United Nations system. It is a plenary member of UN/CEFACT, and is one of the four de jure standardisation organisations. The ITU, along with the ISO, IEC and the UNECE, is a signatory to MoU on electronic business.

The ITU is organised into three sectors: ITU-T, responsible for telecommunication and associated standardisation; ITU-D, responsible for telecommunication development in developing countries; and ITU-R; responsible for radio-communication. Both ITU-T and ITU-D, have an active interest in eBusiness. Within each sector there are a number of Study Groups (SG's) which are the highest level for substantive work. Once approved the SG's have a high degree of autonomy to determine their own structure, work programme etc. SG's can only be created or closed down by the Sectors ruling body.

If UN/CEFACT's current eBusiness activities were to transition to the ITU the objective would be to become a SG within ITU-T, and this would require the approval of the World Telecommunications Standardization Assembly (WTSA) which next meets in 2004. However, reflecting their interest in eBusiness, ITU-T has already designated one of its existing SG's (SG16) to act as a lead study group for eBusiness and eCommerce. This means that if it was felt that transition was desirable before 2004, then, work could be transferred to SG 16 in a matter of months. Within ITU-T, formal procedures such as approval processes are set by the Telecommunications Standardization Advisory Group (TSAG) which also coordinates the work of ITU-T to ensure that there are no overlaps in the SG's work programmes.

Membership of ITU is open to all United Nations Member States (MS) and to commercial and not-for-profit organisations. Commercial organisations pay a fee to become members. The minimum annual fee, which entitles the organisation to associate status in ITU-T, is \$7,000 per SG. However, such organisations can also be part of a MS delegation where no fee is charged. There are over 650 organisations that are sector members of ITU, and they include many of the world's leading hardware and software corporations. In addition, there are some 50 Associate members. Organisations that are solely not-for-profit do not pay any fees.

#### 5.3.3.2 Resources and IPR Issues

ITU has an excellent technology understanding and infrastructure, and the appointment of an external SSP would probably face less restriction than appear to exist in the UNECE, e.g., it is probable that a charge for services can be made to non ITU-T members. Nevertheless, ITU does not have a "honey pot" of spare resource or finance, and like the UNECE, would have to receive a contribution or contribution in kind before an SSP could be appointed.

The ITU has a well developed IPR policy (<http://www.itu.int/ITU-T/dbase/patent/index.html>) that includes a royalty free option that appears similar to the draft UN/CEFACT policy.

#### 5.3.3.3 Main Advantages

- ◆ It is within the United Nations system, has global reach and it would be easy to maintain relations with UN/CEFACT (or its successor).
- ◆ There is a formal government involvement as well as the full involvement of commercial organisations.
- ◆ eBusiness is already a work item for two of the Sectors.
- ◆ ITU-D is a valuable conduit to developing countries.
- ◆ It is a de jure standardisation organisation and a member of the MoU on eBusiness.
- ◆ The SG structure gives a great deal of autonomy without over burdensome procedures.
- ◆ There is a good technology understanding and infrastructure.
- ◆ The IPR policy allows flexibility and options, including the royalty free approach.

#### 5.3.3.4 Main Disadvantages

- ◆ The ITU is still perceived to be a specialized telecommunications agency.
- ◆ Commercial organisations wanting to participate may have to pay a fee, and this may reduce their participation (although in certain circumstances this may be avoidable).

#### 5.3.3.5 Evaluation and Weighting Against Objectives

| <b>Alternative 3 - Transition to ITU</b>   |   |                  |
|--|---|------------------|
| <b>Objective</b>   | <b>Evaluation</b>   | <b>Weighting</b> |
| 1. Confirm clear recognition that international eBusiness standards development falls within the potential organisation's mandate.                                 | The ITU clearly meets this objective.   | <b>5</b>         |
| 2. Realise an operating environment that provides resources adequate for supporting desired operating levels.  | The ITU may provide a more flexible environment, but resources are not guaranteed.                          | <b>3</b>         |
| 3. Achieve a global, open, transparent environment for participation and standards development activities.   | In general, the ITU does meet this objective but there is a concern about the impact of the membership fee. | <b>4</b>         |
| 4. Realise an environment that supports a comprehensive, rapid and technologically adept standards development process.  | The ITU fully meets this objective.   | <b>5</b>         |
| 5. Ensure an environment that fosters a close working relationship with UN/CEFACT, including its overall objectives for improved international trade facilitation. | The ITU fully meets this objective.   | <b>5</b>         |
| 6. Achieve international recognition,  | The ITU fully meets this objective.   | <b>5</b>         |

|  |  |          |
|--|--|----------|
| credibility and relevance as the leading standards development organization for eBusiness.   |  |          |
| 7. Foster a perspective for harmonisation of the work programme with other internationally recognised standards groups.  | The ITU fully meets this objective.                                    | <b>5</b> |
| 8. Ensure the IPR policy of any potential organisation encourages maximum user participation and offers no restrictions on the further use of any standards or specifications. | Subject to confirmation by the LG, the ITU fully meets this objective. | <b>5</b> |
| 9. Ensure that a fast, easy and non-disruptive transformation process is obtainable.   | The ITU fully meets this objective.                                    | <b>5</b> |

### 5.3.4 ALTERNATIVE 4 - TRANSITION TO ISO

#### 5.3.4.1 Description

The International Organization for Standardization (ISO) is a non-governmental organisation established in 1947. It's mission is to promote the development of standardisation and related activities in the world with a view to facilitating the international exchange of goods and services, and to developing cooperation in the spheres of intellectual, scientific, technological and economic activity. ISO is a worldwide federation of national standards bodies from more than 140 countries, one from each country. ISO's work results in international agreements that are published as International Standards.

A *member body* of ISO is the national body "most representative of standardisation in its country". Thus, only one body in each country may be admitted to membership of ISO. A member body assumes responsibility for:

- ◆ informing potentially interested parties in their country of relevant international standardisation opportunities and initiatives,
- ◆ ensuring that a concerted view of the country's interests is presented during international negotiations leading to standards agreements, and
- ◆ providing their country's share of financial support for the central operations of ISO, through payment of membership dues.

Member bodies are entitled to participate and exercise full voting rights on any technical committee and policy committee of ISO.

A *correspondent member* is an organisation in a country that does not yet have a fully developed national standards activity. Correspondent members do not take an active part in the technical and policy development work, but are entitled to be kept fully informed about the work of interest to them.

ISO has also established a third category, *subscriber member*, for countries with very small economies. Subscriber members pay reduced membership fees that allow them to maintain contact with international standardisation.



The technical work of ISO is highly decentralised, carried out in a hierarchy of some 2,850 technical committees, subcommittees and working groups. In these committees, qualified representatives of industry, research institutes, government authorities, consumer bodies, and international organisations from all over the world come together as equal partners in the resolution of global standardisation problems. Some 30,000 experts participate in meetings each year.

The financing of ISO closely reflects its decentralised mode of operation with, on the one hand, the financing of the Central Secretariat activities and, on the other hand, the financing of the technical work as such. The financing of the Central Secretariat derives from member subscriptions (80%) and revenues from the sale of the organisation's standards and other publications (20%). The ISO member bodies bear the expenditure necessary for the operation of the individual technical secretariats for which they are responsible.

If UN/CEFACT's current eBusiness activities were to transition to the ISO there would be a number of ways this could be accomplished. eBusiness activities could be transitioned to (1) a new Technical Committee (TC), (2) a new Sub-committee under ISO/IEC JTC1, or (3) a new Working Group under current ISO/IEC JTC1 SC32 (Sub-Committee 32 - Data Management and Interchange). The transition to ISO would require the approval of the Technical Management Board (TMB) and possibly the IEC's Standardisation Management Board (SMB) if the transition was to JTC1 or SC32.

Of the three options, transition to a new Sub-committee under ISO/IEC JTC1 is the preferred alternative because UN/CEFACT's current eBusiness activities are closely related to the JTC1 domain of information technology standardisation. The second most preferred alternative would be as a new ISO TC. Moving the work under a Working Group within JTC1 SC32 is not a practical solution in that UN/CEFACT's work programme is too large to become a sub-entity within a SC.

#### 5.3.4.2 Resources and IPR Issues

As might be expected ISO has a very good technology understanding and infrastructure, and the fact that member bodies bear the expenditure necessary for the operation of the individual technical secretariats for which they are responsible should not be an issue, unless no member body is willing to support the transition of UN/CEFACT's eBusiness activities to a new TC, SC or WG.

ISO has a well developed IPR policy, however it allows RAND (reasonable and non-discriminatory) licenses for included patents. UN/CEFACT Group members have made it very clear they are not willing to participate in international standardisation that has an IPR policy that allows RAND terms.

#### 5.3.4.3 Main Advantages

- ◆ ISO has a reputation as being the only truly international de jure standards organisation.
- ◆ eBusiness is part of their work programme.
- ◆ Is one of the founding member of the MoU on eBusiness.
- ◆ The TC/SC/WG structure gives a great deal of autonomy without overly burdensome procedures.
- ◆ There is a good technology understanding and infrastructure.

- ◆ UN/CEFACT (WP.4) and JTC1/SC32 previously enjoyed a high level of cooperation in ISO's Open-edi work, which is the basis for UN/CEFACT's Business Collaboration Framework and its modelling methodology.

#### 5.3.4.4 Main Disadvantages

- ◆ Current IPR policy allows RAND terms.
- ◆ Commercial organisations wanting to participate must do so via its national member body that may require payment of a membership fee, and this may reduce participation.
- ◆ International organisations, governmental and non-governmental, can only participate as liaisons with no voting rights.
- ◆ Participants must represent the position of their national member body or organisation they represent, and therefore, may be restricted in fully utilising their technical expertise and knowledge.

#### 5.3.4.5 Evaluation and Weighting Against Objectives

| <b>Alternative 4 - Transition to ISO</b>   |   |                  |
|--|---|------------------|
| <b>Objective</b>   | <b>Evaluation</b>   | <b>Weighting</b> |
| 1. Confirm clear recognition that international eBusiness standards development falls within the potential organisation's mandate.                                 | ISO clearly does meet this objective.   | <b>5</b>         |
| 2. Realise an operating environment that provides resources adequate for supporting desired operating levels.  | ISO resources for a TC/SC/WG are provided by member bodies and are not guaranteed..   | <b>3</b>         |
| 3. Achieve a global, open, transparent environment for participation and standards development activities.   | In general, ISO does meet this objective but the environment is not as open as the current UN/CEFACT environment. There is a concern about the impact resulting from the hierarchy in the membership structure and its related membership fees. | <b>3</b>         |
| 4. Realise an environment that supports a comprehensive, rapid and technologically adept standards development process.  | ISO structure generally meets this objective, however its voting process can result in delays.  | <b>4</b>         |
| 5. Ensure an environment that fosters a close working relationship with UN/CEFACT, including its overall objectives for improved international trade facilitation. | ISO fully meets this objective.   | <b>5</b>         |
| 6. Achieve international recognition, credibility and relevance as the leading standards development organization for eBusiness.                                   | ISO fully meets this objective.   | <b>5</b>         |
| 7. Foster a perspective for harmonisation of the work programme with other   | ISO fully meets this objective.   | <b>5</b>         |

|  |  |          |
|--|--|----------|
| internationally recognised standards groups.   |  |          |
| 8. Ensure the IPR policy of any potential organisation encourages maximum user participation and offers no restrictions on the further use of any standards or specifications. | The current ISO IPR policy with its RAND terms could provide a potential for “royalty payments” by implementers. | <b>3</b> |
| 9. Ensure that a fast, easy and non-disruptive transformation process is obtainable.   | ISO fully meets this objective.  | <b>5</b> |

### 5.3.5 ALTERNATIVE 5 - JOIN INTERNATIONAL USER GROUP

#### 5.3.5.1 Description

A number of existing international user groups could be considered as candidate organisations for the transition of the UN/CEFACT work programme. For the purpose of evaluating this alternative, three international user groups were chosen as reference points in order to provide a sample for the evaluation of this alternative. The organisations considered are (in alphabetical order):

- EAN-UCC EAN International and The Uniform Code Council  
(<http://www.ean-ucc.org/>)
- OAG Open Applications Group (<http://www.openapplications.org/>)
- OASIS Organisation for the Advancement of Structured Information Standards  
(<http://www.oasis-open.org/>)

##### 5.3.5.1.1 EAN-UCC

The mission of EAN-UCC is to improve supply chain management and other business processes that reduce costs and/or add value for both goods and services. EAN international and UCC develop, establish and promote global, open standards for identification and communication for the benefit of the users involved and the ultimate consumer. As an international user group, EAN-UCC is responsible for the EAN.UCC System and the Global Standard Management Process (GSMP). The EAN.UCC System standardises bar codes, EDI transactions sets, XML schemas, and other supply chain solutions for more efficient business. EAN International has 99 Member Organisations representing 101 countries. About 900,000 member companies benefit from using the EAN.UCC system. UCC has about 251,000, mainly U.S. based, member companies doing business in 23 major industries.

EAN-UCC is an active participant in UN/CEFACT and has long been a major proponent of UN/EDIFACT through EANCOMM and VICS X12. More recently EAN-UCC has participated in and contributed to UN/CEFACT’s UMM and XML work.

##### 5.3.5.1.2 OAG

The mission of the OAG is to define and encourage the adoption of a unifying standard for eBusiness and Application Software interoperability that reduces customer cost and time to deploy solutions. It is a non-profit consortium focusing on best practices and process based XML content for eBusiness and Application Integration. The OAG Integration Specification (OAGIS) includes a broad set of message definitions and integration scenarios that can be used in different business environments that can be used broadly across many different

industries (e.g., telecommunications and automotive) and aspects of supply chain automation (e.g., Ordering, Catalogue Exchange, Quotes, etc.). OAG has some 60 corporate members, including many of the leading technology vendors. OAGIS makes use of use of ebXML as an “implementation architecture”.

#### **5.3.5.1.3 OASIS**

OASIS is a not-for-profit, global consortium that supports the development, convergence and adoption of eBusiness standards. Members themselves set the OASIS technical agenda, using a lightweight, open process expressly designed to promote industry consensus and unite disparate efforts. OASIS produces worldwide standards for security, Web services, XML conformance, business transactions, electronic publishing, topic maps and interoperability within and between marketplaces through some 100 technical committees. OASIS has some 600 corporate and individual members in 100 countries. OASIS and UN/CEFACT jointly sponsor ebXML. OASIS operates XML.org, a community clearinghouse for XML application schemas, vocabularies and related documents.

#### **5.3.5.1.4 Observations**

If UN/CEFACT were to transition its current activities to an international user group, it must ensure that the three principles identified by the CSG are not compromised and that the relationship is directly consistent with progressing UN/CEFACT’s vision. The basis of the relationship could potentially take different forms (as a joint partnership, as an alliance, as a subsidiary group, etc.) depending on the optimal potential organisation agreed between the user group and UN/CEFACT. The risk with this alternative is that the identity, culture and expertise inherent in UN/CEFACT may not naturally integrate with the user group and may result in a less than effective outcome.

#### **5.3.5.2 Main Advantages**

- ◆ Provides an existing infrastructure to continue with work programme.
- ◆ Provides a higher potential for the provision of resources and an operational environment conducive to the development, support and promotion of international standards.
- ◆ Provides a higher potential for participation by existing host user group members.

#### **5.3.5.3 Main Disadvantages**

- ◆ The host user group would be outside the United Nations system.
- ◆ There is no formal government involvement.
- ◆ Loss of autonomy and identity as a non-aligned and independent body.
- ◆ Potentially constrained by the managerial and operational processes and procedures of the host user group.
- ◆ UN/CEFACT transition work programme may be impacted from alignment with the mission of the host user group.
- ◆ Membership by individuals and commercial organisations may be fee based which may discourage membership by existing UN/CEFACT participants.
- ◆ IPR policy may conflict.

## 5.3.5.4 Evaluation and Weighting Against Objectives

| <b>Alternative 5 - Join International User Group</b>   |  |                  |
|--|--|------------------|
| <b>Objective</b>   | <b>Evaluation</b>  | <b>Weighting</b> |
| 1. Confirm clear recognition that international eBusiness standards development falls within the potential organisation's mandate.   | Highly probable but dependent on the type of host user group.                                | <b>4</b>         |
| 2. Realise an operating environment that provides resources adequate for supporting desired operating levels.  | An established user group could provide the requisite level of resources and service levels. | <b>4</b>         |
| 3. Achieve a global, open, transparent environment for participation and standards development activities.   | May require adjustments to integrate with host user group.                                   | <b>3</b>         |
| 4. Realise an environment that supports a comprehensive, rapid and technologically adept standards development process.  | Likely that the host user group would meet this objective.                                   | <b>4</b>         |
| 5. Ensure an environment that fosters a close working relationship with UN/CEFACT, including its overall objectives for improved international trade facilitation.             | Likely that a closer working relationship should be established.                             | <b>4</b>         |
| 6. Achieve international recognition, credibility and relevance as the leading standards development organization for eBusiness.   | Depending on the type of user group, it is likely that has already been achieved.            | <b>5</b>         |
| 7. Foster a perspective for harmonisation of the work programme with other internationally recognised standards groups.  | An international user group would likely advocate such liaisons.                             | <b>4</b>         |
| 8. Ensure the IPR policy of any potential organisation encourages maximum user participation and offers no restrictions on the further use of any standards or specifications. | May conflict with UN/CEFACT IPR approach.  | <b>3</b>         |
| 9. Ensure that a fast, easy and non-disruptive transformation process is obtainable.   | Integration could be achieved in a matter of months.   | <b>5</b>         |

## 5.3.6 ALTERNATIVE 6 - NEW STANDARDS ORGANISATION

## 5.3.6.1 Description

This alternative considers transitioning the current eBusiness activities to a new and autonomous standards organisation comparable to that of RosettaNet, for example. This could potentially be achieved in a number of ways, however due the significant level of

resources required this alternative would likely be largely dependant on the direct support of a dedicated SSP, i.e. resources outside the existing UN/CEFACT organisation. The effort required to plan, agree and secure the necessary resources to establish such an organisation within any realistic time frame is considered beyond the capacity of the CSG and from many respects is not viewed as a viable option.

#### 5.3.6.2 Main Advantages

- ◆ Ability to establish autonomy and identity as non-aligned and independent body.
- ◆ Ability to secure the provision by a SSP of resources and an operational environment conducive to the development, support and promotion of international standards.
- ◆ Potential to establish relationships and liaisons with other related bodies under own terms.
- ◆ Ability to adopt an IPR policy that is acceptable to contribution parties.

#### 5.3.6.3 Main Disadvantages

- ◆ The organisation would be outside the United Nations system. Indications are that the current UN/CEFACT Groups strongly favour being part of the UN.
- ◆ Potentially no formal government involvement.
- ◆ Likelihood of no parent body with a strong international standing to mandate its creation.
- ◆ Significant hurdle to establishing credibility and industry profile by creating a new standards organisation.
- ◆ Existence of other standards organisations that could extend their role to cover the activities.
- ◆ Impact on current and ongoing work programme.
- ◆ Significant effort and resources required to required from existing UN/CEFACT membership to properly define, manage and rapidly launch a new organisation.

#### 5.3.6.4 Evaluation and Weighting Against Objectives

| <b>Alternative 6 - New Standards Organisation</b>  |  |                  |
|--|--|------------------|
| <b>Objective</b>   | <b>Evaluation</b>  | <b>Weighting</b> |
| 1. Confirm clear recognition that international eBusiness standards development falls within the potential organisation's mandate. | A new organisation could clearly meet this objective.                      | <b>5</b>         |
| 2. Realise an operating environment that provides resources adequate for supporting desired operating levels.                      | Would need to be established through a SSP.                                | <b>4</b>         |
| 3. Achieve a global, open, transparent environment for participation and standards development activities.                         | Will take time and effort to establish environment to meet this objective. | <b>2</b>         |
| 4. Realise an environment that supports a comprehensive, rapid and technologically adept standards                                 | Significant effort required to rapidly achieve this objective.             | <b>2</b>         |

|  |  |          |
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| development process.   |  |          |
| 5. Ensure an environment that fosters a close working relationship with UN/CEFACT, including its overall objectives for improved international trade facilitation.             | This objective could be achieved.  | <b>4</b> |
| 6. Achieve international recognition, credibility and relevance as the leading standards development organization for eBusiness.   | Will take time to establish credibility as a new organisation.   | <b>1</b> |
| 7. Foster a perspective for harmonisation of the work programme with other internationally recognised standards groups.  | Until the new organisation is recognised as a credible and acknowledged centre for standards development, it may be problematic to secure harmonisation of the work programme with other standards bodies. | <b>2</b> |
| 8. Ensure the IPR policy of any potential organisation encourages maximum user participation and offers no restrictions on the further use of any standards or specifications. | Should fully comply with this objective.   | <b>5</b> |
| 9. Ensure that a fast, easy and non-disruptive transformation process is obtainable.   | Transformation process may not be rapid and would be disruptive during the formative stages.   | <b>2</b> |

### 5.3.7 ALTERNATIVE 7 - FORUM “CLUB” OR LIMITED LIABILITY CORPORATION (LLC)

#### 5.3.7.1 Description

Many countries have United Nations Associations that have been formed to support the principles and programmes of the United Nations and help shape its agenda. Indeed, there is a world federation of such organizations (<http://www.wfuna.org/>). Most seem able to use a modified version of the United Nations logo.

The concept of a UN/CEFACT Association or “club” builds upon this idea in the context of the Forum and its requirements. In itself, however, the Association concept does not solve any of the fundamental issues of resources, or the use of the United Nations logo, or of IPR. Nevertheless, it may be a mechanism for avoiding some of the restrictions that arise within the UN, and for undertaking business in a legal and fully transparent manner. Therefore, depending on the final views of the OLA, it could be worthy of detailed consideration.

The Association would be formed by the majority of the Forum agreeing to set up a special form of LLC, normally a not-for-profit one, known as a company limited by guarantee (CLG). Members could be corporations or individuals, and liability of each member for the debts of the company would be limited to a sum known as the guarantee. The guarantee can be as low as \$5 and is the maximum amount each member can be called upon to pay if the company goes into liquidation. (N.B. a company limited by guarantee differs from a normal LLC where the liability is limited by the share capital.) The Forum members would also need to cover the establishment costs of the CLG/Association. These costs vary in different countries, but in the UK the costs are less than \$1,000. On establishment, the Association

could enter into a contract with an SSP to provide services to the Forum, and the directors of the Association could formulate that contract including determining such contentious issues such as the charging policy of the SSP.

Such an Association could be established without any reference to the UN, but if so it could not use the United Nations logo. However, it seems likely that a potential SSP may not wish to enter into a contract as a supplier to the UN/CEFACT Forum without having the authorised use of the United Nations logo, and this requires agreement with the OLA. Therefore, the optimum position would be to secure from the OLA an understanding that if the CLG was formed in an open and transparent manner fully compatible with the principles of the United Nations, and if the contract between the CLG was subject to review by the OLA, then under specified conditions both the association and the SSP could use the United Nations logo. The result would be that the Forum would have a legal entity to help run its operations long term and the SSP would have a consideration, the authorised use of the United Nations logo for its contribution-in-kind to the Association.

#### 5.3.7.2 Main Advantages

- ◆ Provides a legal entity for the Forum to enter into contracts.
- ◆ Does not involve Forum members in any substantive liabilities.
- ◆ Could be easily formed.

#### 5.3.7.3 Main Disadvantages

- ◆ Does not solve the resolve the resource issue as a contribution-in-kind to provide SSP services is still required.
- ◆ Does not avoid any United Nations IPR issues.

#### 5.3.7.4 Evaluation and Weighting Against Objectives

| <b>Alternative 6 - New Standards Organisation</b>  |   |                  |
|--|---|------------------|
| <b>Objective</b>   | <b>Evaluation</b>   | <b>Weighting</b> |
| 1. Confirm clear recognition that international eBusiness standards development falls within the potential organisation's mandate. | No change from status quo.  | <b>3</b>         |
| 2. Realise an operating environment that provides resources adequate for supporting desired operating levels.                      | The Association may provide a more flexible environment but resources are not guaranteed. | <b>3</b>         |
| 3. Achieve a global, open, transparent environment for participation and standards development activities.                         | No change from status quo.  | <b>3</b>         |
| 4. Realise an environment that supports a comprehensive, rapid and technologically adept standards development process.            | If an understanding could be secured from the OLA then this objective could be met        | <b>4</b>         |
| 5. Ensure an environment that fosters a close working relationship with UN/CEFACT, including its overall objectives for improved   | No change from status quo.  | <b>3</b>         |



|  |  |          |
|--|--|----------|
| international trade facilitation.  |  |          |
| 6. Achieve international recognition, credibility and relevance as the leading standards development organization for eBusiness.   | If an understanding could be secured from the OLA, then this objective could be met. | <b>4</b> |
| 7. Foster a perspective for harmonisation of the work programme with other internationally recognised standards groups.  | If an understanding could be secured from the OLA, then this objective could be met  | <b>4</b> |
| 8. Ensure the IPR policy of any potential organisation encourages maximum user participation and offers no restrictions on the further use of any standards or specifications. | No change from the status quo.   | <b>3</b> |
| 9. Ensure that a fast, easy and non-disruptive transformation process is obtainable.   | An Association could be formed and operating in months.                              | <b>5</b> |

## 6.0 CONCLUSIONS

The foregoing discussion reflects the analysis of a series of alternatives for transitioning the eBusiness activities now performed within UN/CEFACT to another organisation perhaps better equipped to meet the needs of developers, users and stakeholders. This section summarizes the results of the analysis performed and provides recommendations for consideration by the Chairman and UN/CEFACT Plenary.

### 6.1 Summary

During the research, analysis and evaluation process for each alternative that was considered, several critical themes continued to arise. These included:

- ◆ Ease of obtaining adequate resources over an extended life cycle,
- ◆ Time to accomplish the transition,
- ◆ Receptivity of the stakeholder community to the transition,
- ◆ Degree of association with the United Nations, and
- ◆ Ease of developing an effective and acceptable IPR policy.

How well each alternative dealt with these themes directly impacted the scoring for the related objectives as well as tangentially impacted the other objectives used. Table 4 summarizes the scores derived for each alternative.

**Table 4 Alternative Assessment and Scoring Matrix**

|     | A-1 | A-2 | A-3 | A-4 | A-5 | A-6 | A-7 |
|-----|-----|-----|-----|-----|-----|-----|-----|
| O-1 | .05 | .15 | .25 | .25 | .2  | .25 | .15 |
| O-2 | .2  | .6  | .6  | .6  | .8  | .8  | .6  |

|             |      |      |      |      |      |      |      |
|-------------|------|------|------|------|------|------|------|
| O-3         | .3   | .45  | .6   | .45  | .45  | .3   | .45  |
| O-4         | .5   | .3   | .5   | .4   | .4   | .2   | .4   |
| O-5         | .3   | .45  | .75  | .75  | .6   | .6   | .45  |
| O-6         | .15  | .6   | .75  | .75  | .75  | .15  | .6   |
| O-7         | .1   | .15  | .25  | .25  | .2   | .1   | .2   |
| O-8         | .16  | .24  | .4   | .24  | .24  | .4   | .24  |
| O-9         | .07  | .21  | .35  | .35  | .35  | .14  | .35  |
| Total Score | 1.83 | 3.15 | 4.45 | 4.04 | 3.99 | 2.94 | 3.44 |

Clearly Alternatives 3 (Transition to ITU), 4 (Transition to ISO), and 5 (Join International User Group) were viewed as the most viable alternatives available. Thus, the underlying implication is that unless the UNECE can rapidly provide a more favorable support environment, the UN/CEFACT eBusiness work programme should move to another organisation. Recognising that the stakeholder community strongly desires to remain within the operating umbrella of the United Nations, the ITU, as a United Nations body, represents potentially the most viable alternative. ISO, as an alternative to the ITU, lies outside the United Nations umbrella but does offer a degree of independence from commercial interests. An International User Group may be subject to commercial interests.

## 6.2 Recommendations

This report was undertaken to avoid a prolonged decision process should discussions with the United Nations OLA result in an outcome that is impracticable to achieve the three principles identified by the CSG, namely:

1. Create an integrated organizational structure that facilitates rapid, coordinated standards development,
2. Provide adequate resources to support the standards development process, and
3. Adopt an IPR policy that is acceptable to contributing parties.

Ideally, the team would strongly favour retaining UN/CEFACT under the current relationship with the UNECE. However, should the only viable option be to transition UN/CEFACT's eBusiness standards to another organization, **our recommendation would be to expeditiously adopt and pursue the implementation of Alternative 3.**

# ANNEX A

## SUPPORT SERVICE PROVIDER

### Background

The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) is committed to a vision to provide “simple, transparent and effective processes for global commerce.” To this end UN/CEFACT has revitalised its organisational structure and intends to

- ◆ adopt new approaches to trade facilitation,
- ◆ harmonise business processes, and
- ◆ exploit advances in information technology.

Adequate resources are not available within the regular UNECE budget to provide the support infrastructure necessary to achieve this vision. As a means of remedying this situation, the UN/CEFACT Plenary authorised the CEFACT Steering Group (CSG) to pursue seek extra budgetary resources, e.g. through a professional support service provider (SSP). The SSP would be expected to act as a de facto “business manager”, responsible for coordinating a variety of activities undertaken by UN/CEFACT Forum.

### Discussion

The relationship between the SSP and Forum is extraordinarily significant in that it is required for the success of the overall UN/CEFACT vision.

As one caveat to obtaining these SSP services, a clear distinction between core functions to be retained by the UNECE secretariat and the services that would be provided by such an SSP would need to be made. Accordingly, this paper reflects both the core responsibilities of the UNECE secretariat and the duties expected of a SSP.

This paper is being provided to Heads of Delegation (HOD) in an effort to identify those HODs that could be in a position to offer extra-budgetary resources to the secretariat in order to provide the services required by UN/CEFACT.

### UNECE Core Functions

The following represents the core functions of the UNECE secretariat, as related to the support provided to UN/CEFACT:

1. Publication, availability and effective dissemination of recommendations, standards and related documentation as approved by the UN/CEFACT Plenary.
2. Governance regarding compliance with:
  - a. the mandate and structure of the Centre as approved in R650 Rev.2
  - b. the transparency, openness and inclusivity of the development process
  - c. the rules and procedures of the United Nations.
3. Advising Governments and agencies.
4. Promotion, communication and dissemination of the Centre’s activities, especially within the UN, to other international organisations and on the UN/CEFACT website.

5. Plenary and CSG meeting preparations and support, including maintenance of logs and records of memberships.
6. Reporting and accounting on UN/CEFACT activities to the United Nations system.

## Support Service Provider Functions

The following sections identify those factors that should be considered by HODs in assessing whether or not they are in a position to provide the services required.

### PERFORMANCE REQUIREMENTS

This section substantially represents the functions that would be required but the list is by no means complete or comprehensive. It is intended to provide information to support a HOD decision. Should an initial offer to provide this service be accepted, the CSG stands ready to provide a more detailed specification to assist the HOD in progressing and finalising the offer.

The tasks should include, inter alia:

1. Identify a project manager to oversee and direct SSP operations.
2. Identify an appropriate number of full time staff to provide the day-to-day support for Forum operations.
3. Develop, agree upon (with the Forum Coordination Team), and perform to a Service Level Agreement (SLA) that defines the minimum core services, discretionary services, performance levels, administrative review mechanisms, and procedures for improving service quality.
4. Host Forum meetings, to include organising the meeting venue, managing the registration process, producing meeting materials, ensuring the meeting infrastructure, and timely dissemination of meeting work products and results.
5. Provide support services to the Forum to include:
  - a. Prepare, distribute and maintain working documents,
  - b. Serve as a Forum secretariat,
  - c. Maintain logs and records,
  - d. Support communications with parties collaborating with the Forum,
  - e. Track and maintain documents and correspondence,
  - f. Coordinate and distribute information, and
  - g. Prepare papers and clarifications on related issues.
6. Establish reliable and accessible communications and training services in support of promoting Forum work.
  - a. Identify and seek out new membership and involvement in Forum activities.
  - b. Undertake conferences and workshops to disseminate information and Forum work products.
  - c. Undertake training seminars.
7. Establish and maintain fully accessible web services and portal capabilities (compliant with United Nations direction<sup>4</sup>) in support of Forum activities to include home pages, document access, event calendars, and access to all Forum back office and database applications.

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<sup>4</sup> Reference United Nations Secretariat ST/AI/2001/5 of 20 June 2001

8. Establish and maintain list server and collaboration tool capabilities.
9. Establish and maintain a sophisticated repository capable of supporting the full range of Forum standards development requirements.
  - a. Provide a repository administrator.
  - b. Provide the initial infrastructure, hardware, software, operating personnel, and help desk functions.
  - c. Ensure compliance with published architectural specifications and supportive of the Forum's open development process<sup>5</sup>.
  - d. Be internationally accessible on a seven day a week, twenty-four hour a day basis.
10. Develop a financial plan and operating budget that supports Forum operations.
  - a. Specify procedures that ensure all funds are properly recorded, accounted for, and audited.
  - b. Develop and execute a plan to acquire in-kind and direct cash contributions.
11. Provide support to both the CSG and the Forum to develop/implement a marketing programme, including all necessary artefacts, consistent with the promotion and communication strategy approved by the Plenary.

## Other Considerations

Several matters related to this matter should be included in HOD deliberations.

1. This query is intended to identify those HODs who might be interested in pursuing the question of possibly providing a SSP capability on a long-term basis. It does not represent the actual request to make the service available
2. It is desirable to provide a single SSP rather than multiple providers. However, in the event of multiple providers, coordination and administration responsibilities need to be minimised. The United Nations requires the SSP to fully administer and properly account for all UN/CEFACT Forum financing.
3. The SSP must observe and respect United Nations guidelines regarding the use of United Nations symbols on printed and electronic media. When applicable to operating Forum web sites and portals, the SSP may use text descriptions that describe an affiliation with the UN/CEFACT.

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<sup>5</sup> Reference TRADE/CEFACT/2000/22 of 16 February 2000

# ANNEX B

## AN OVERVIEW OF RESOURCE REQUIREMENTS

To continue its working in the medium term the Forum needs to obtain substantial extra-budgetary funds to:

1. Support the organisation, administration and follow up of Forum and Group meetings.
2. Develop 24/7 communications including Web services and portal capabilities and provision of closed lists.
3. Offer technical support to the groups between meetings including the provision of specialized expertise in the area of process modelling, and technical coordination (estimated at \$ 450,000 per annum).
4. Develop technical specifications for a dynamic web-based development repository (estimated at \$100,000).
5. Build, operate and maintain the repository (estimated at up to \$1.5 Million).

It should be recognised that the foregoing estimates will require more in-depth analysis to validate the stated estimates. However, for the moment they may be used to demonstrate “order of magnitude” minimum estimates for anticipated requirements.

Functions 1 & 2 above are immediate and on-going requirements. Function 3 should be started within 6 months and be fully developed within 18 months. Function 4 may take 18 months plus. Function 5 may take up to 3 years.

In raising these extra-budgetary funds, the ability for the experts and the substantive contributors to be associated with the work of the United Nations through the authorised use of the United Nations logo is key.

## ANNEX C

### TERMS OF REFERENCE

#### **GROUP A in conjunction with the secretariat**

- ♦ to examine the possible future role and organisation of UN/CEFACT if it did not have an eBusiness standards activity, and consider the implication for UN/CEFACT's mandate
- ♦ membership: Santiago Milà, Dietmar Jost, Christina Rahlén, Teresa Sorrenti, Dariush Haghghi-Talab, Grazyna Rzymkowska, Johnson Jubulu Olumekun, Christoph Wolf, Päivi Lehtonen, Hans Hansell, Mika Vepsäläinen, Ray Walker.

#### **GROUP B in conjunction with the secretariat**

- ♦ if UN/CEFACT were to withdraw from eBusiness standards, to review all of the options that might be available for that activity;
- ♦ to review all of the options that might be available for that activity to make a recommendation regarding what is the best option, maintaining the strongest links with UN/CEFACT and how it could be attained;
- ♦ Harry Featherstone, Teresa Sorrenti, David Dobbing, Peter Guldentops, Klaus-Dieter Naujok, Kenji Itoh, Dumitru Anca, Mika Vepsäläinen, Ray Walker, Peter Wilson.

#### **GROUP C (CSG in its total)**

- ♦ to continue to examine the options that are available for UN/CEFACT taking into consideration the guidance from the OLA;

#### **Time scale**

Report to be made available to the Chairman by 11 April.

#### **Practical arrangements**

Ray Walker will convene Group A. David Dobbing will convene group B. The vice chairs are expected to coordinate the work of the two groups.

#### **Conditions**

This work is strictly confidential and it is recognised that any decisions are to be made by the Plenary session(s) during 2003.

## ANNEX D

# REPRESENTATIVE SNAPSHOT OF UN/CEFACT ELECTRONIC BUSINESS STANDARDS

The following represents a representative sampling of electronic business standards currently developed and/or administered under the sponsorship of UN/CEFACT. The list is not necessarily complete. Rather, it is intended to demonstrate the broad perspective within which UN/CEFACT operates and to establish a framework within which decisions must be considered. Thus, no decision should be considered in an isolated fashion, but rather in the context of the whole.

Work items under the cognizance of UN/CEFACT.

- ◆ Business Collaboration Framework (BCF)
- ◆ UN/CEFACT Modeling Methodology-Meta Model (UMM-MM)
- ◆ UN/CEFACT Modeling Methodology-User Guide (UMM-UG)
- ◆ UN/CEFACT Modeling Methodology-Reference Guide (UMM-RG, formally N090)
- ◆ UN/CEFACT Modeling Methodology-Implementation Guide (UMM-IG)
- ◆ UMM Content Management Guide (UMM-CMG)
- ◆ Business Entity Library (BEL)
- ◆ Business Process Library (BPL)
- ◆ Common Business Process Catalog (CBPC)
- ◆ Unified Business Agreements and Contracts (UBAC)
- ◆ ebXML - Business Process Specification Schema (BPSS)
- ◆ Core Components (CC)
- ◆ Core Component Technical Specification (CCTS)
- ◆ Core Component User Guide (CC-UG)
- ◆ E-Business Architecture (EBA)
- ◆ UN/EDIFACT Directories and Syntax
- ◆ Simple E-Business (SimpleB)
- ◆ XML Naming and Design Rules (XML-NAD)
- ◆ Unified Modeling Language to EDI Design Rules (UML2EDI)

Work items under the cognizance of OASIS:

- ◆ ebXML: Message Services (ebXML-MS)
- ◆ ebXML Collaboration Partner Profile and Agreement TS (ebXML-CCPA)
- ◆ ebXML Registry & Repository (ebXML-RegRep)

Work items under the cognizance of W3C:

- ◆ Simple Object Access Protocol (SOAP)
- ◆ eXtensible Markup Language Protocol (XMLP)



- ◆ Web Services including Choreography, Semantic Web (including Ontology)
- ◆ Resource Definition Framework (RDF)
- ◆ Web Accessibility Initiative (WAI)

Work items under the cognizance of OMG:

- ◆ Unified Modeling Language (UML)
- ◆ XML Metadata Interchange (XMI)
- ◆ Model Driven Architecture (MDA)

Work items under the cognizance of ISO/IEC/JTC1/SC32

- ◆ Open-edi Reference Guide (ISO/IEC 14662)

Work items under the cognizance of ISO/TC154

- ◆ UN/EDIFACT Syntax (ISO 9735)
- ◆ Trade Data Element Directory [TDED] (ISO 7372)
- ◆ Basic Semantic Registry (BSR)
- ◆ EDIFACT - Rules for Generation of XML Scheme Files (XSD) on the Basis of EDIFACT Implementation Guidelines (ISO/TS 20625)

Work items under the cognizance of ITU

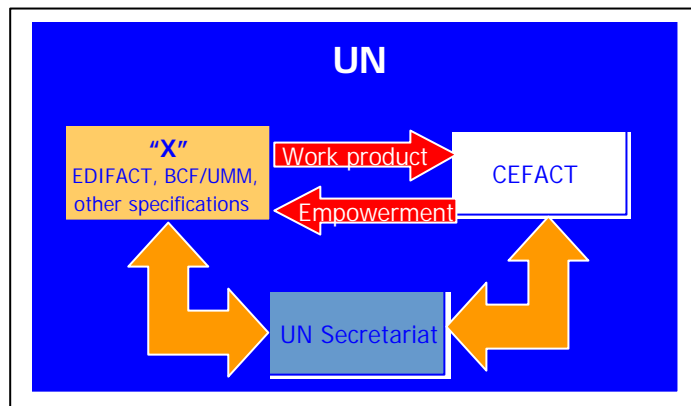
- ◆ None known at this time.

## ANNEX E

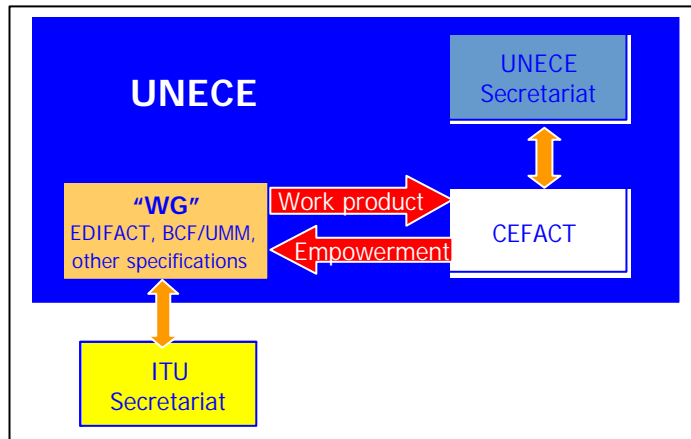
### GRAPHICAL REPRESENTATIONS OF ALTERNATIVES

The following reflects a series of graphical representations for the alternatives considered in this analysis. The graphics are intentionally portrayed at a high level to reflect a general set of relationships among the various parties. Based on any decisions to pursue a specific alternative, significant effort will be required to develop the details supporting any such decision.

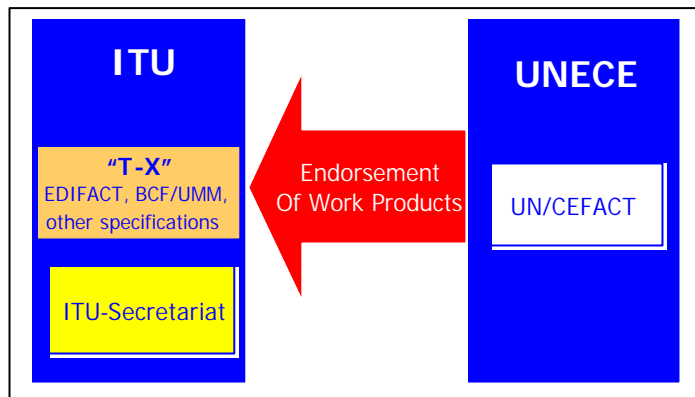
#### Alternative 1. Independent United Nations Centre



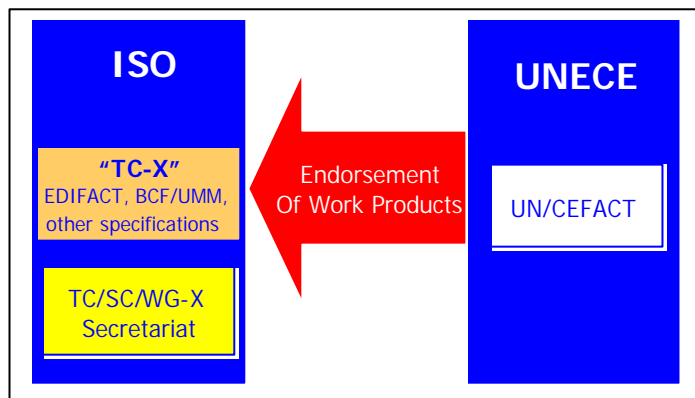
#### Alternative 2. ITU Secretariat.



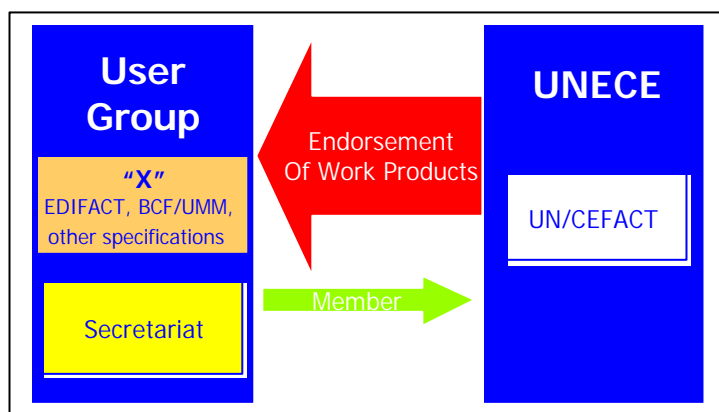
Alternative 3. Transition to ITU.



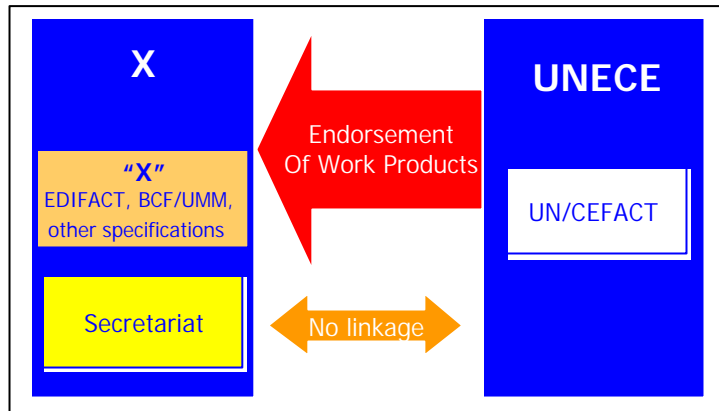
Alternative 4. Transition to ISO



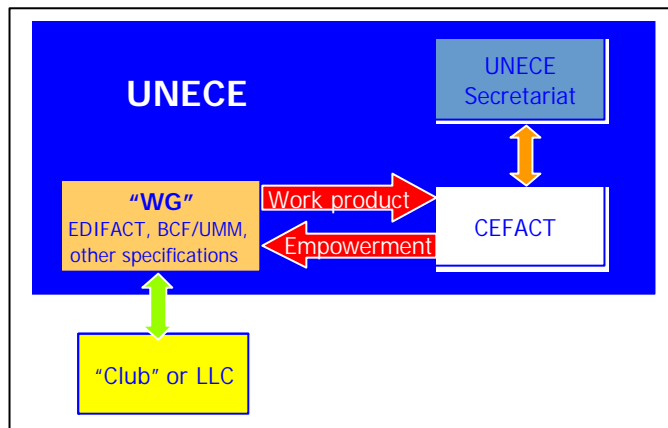
Alternative 5. Join International User Group.



### Alternative 6. New Standards Organisation



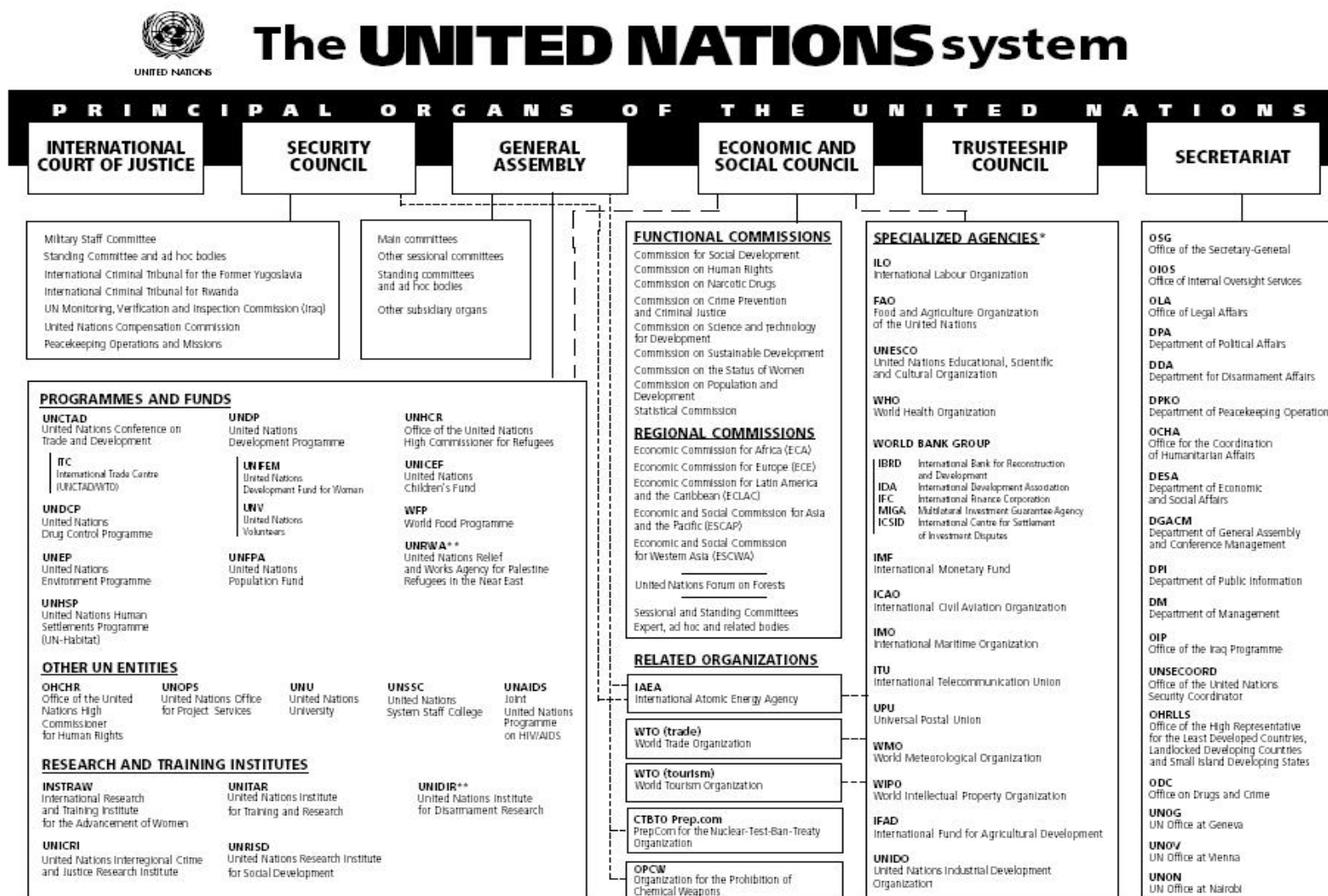
### Alternative 7. Forum “Club” or Limited Liability Corporation (LLC).



# ANNEX F

## THE UNITED NATIONS SYSTEM

The following chart depicts the United Nations System. It may be used to place one or more alternatives developed in the body of this report in perspective.



\*Autonomous organizations working with the United Nations and each other through the coordinating machinery of the Economic and Social Council.  
 \*\*Report only to the General Assembly.