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The Need for Corporate Identities

Japan's 6.2 percent of the annual container traffic to the United States reportedly generates 25 million bills of lading. This metric suggests that total U.S. imports could involve more than 600 million bills of lading per year and that these may contain as many as 10 million offshore shipper names and

addresses. This raises two questions:

1. Is it conceivable that all of the names, addresses and cargo information assembled from these far-flung sources are both error-free and true?
2. Will the introduction of the Electronic Product Code and the use of RFID ensure that all the information is accurate?



The answers to these questions are fairly obvious. There is no means today to guarantee the accuracy and authenticity of the data on all those bills of lading. And EPC technology is not going to solve the problem.

A single international transaction typically requires the sharing of some 30 or more documents between the parties. RFID can help ensure that more accurate data is collected about the products within a shipment, and up-to-date, online product catalogues that permit global data synchronization (GDS) can ensure that companies are sharing good product information. But there is no system for ensuring that the parties in any given transaction are properly identified and authenticated.

Today, we have a complex hodgepodge of means for identifying companies, including: Employer ID, VAT and Business Numbers, DUNS Numbers, Local Tax Numbers, ACE ID Numbers, IRS Individual Tax Identification Numbers (ITINs), Commercial and

Government Entity (CAGE) Codes, Contractor Establishment Codes (CECs), Customs UCR Numbers, EAN.UCC global location numbers (GLN), SCAC Codes, Lloyd's Register Numbers and other offshore registry numbers. All these IDs have different coding structures and record layouts.

I propose that we escape from this corporate identity "hall of mirrors" by adopting globally unique corporate identifications. The most suitable identifier is the global location number. The GLN was devised by EAN.UCC, the organization that manages global assignment of bar codes, to provide a standard means to identify legal entities, trading parties and locations to support the requirements of electronic commerce.

If GLNs are required by all trading parties, you could combine the numbers of the buyer and seller with a date and time stamp for their transaction to create a unique identifier for all domestic and international buy/sell transactions. GLNs identify not just the company, but also a company's specific warehouse, factory or office. As subordinate supply chain participants join in the main contract, their GLN and a date/time stamp for their transaction could be appended to the original transaction identifier and used throughout their sub-contract documentation. The chain of document identifiers then could directly convey the business relations between the parties and their global locations. Every document would identify the prime contract. The same nested layered coding could translate directly into RFID data routings appropriate to each party's role and location.

Foreign domiciled shippers and many other trading parties sit outside the reach of the import economy's law. In the current border clearance business model, data filing responsibility and enforcement machinery target the marine carrier (or an approved alternate) to consolidate the pertinent information from other supply chain parties and to attest to a reasonable belief that all inputs to the filing are true. My proposal has

two additional important features that could allow a distributed processing model (an Internet of commercial documents) to replace the data consolidator role in the present business model. Each party would have direct accountability for their data inputs to the transaction, and international treaty arrangements would construct the seamless, transnational enforcement provisions to support this arrangement.

First, "known" trading parties could be required to use a Web portal to a government-sponsored international "secure channel" for both trading party transactions and for border clearance reporting. This provides commercial document global visibility within a secure environment and a transaction-level audit trail among all trading parties. Discussions to establish the "secure channel" could also examine the role, if any, that this channel might play in global distribution among trading parties of the meta-data that is to be extracted from raw RFID signals.

Second, the global transaction identifiers, in situ at the record holder's premises, could work as an Internet address with "always on" functions comparable to an instant messaging node. Polling for this identifier across the entire secure channel could allow authorized border agency personnel from any economy involved in the shipment routing to pull from each trading partner's electronic records what they now get on paper. The right data, at the right time from the right widely dispersed parties could be compiled into an on-screen virtual transaction record, for risk analysis in conjunction with appropriate government and other reference records. Each trading partner remains solely responsible for the timely availability and accuracy of its necessary inputs.

Always-on access ensures that no centralized database would have to be constructed and enables RFID, EPC and GDS data and/or the resulting meta-data streams to offer critical verification of the trustworthiness of import cargo

declarations. Automatic logging of record “touches” could be part of the channel design—that is, personal identifiers, date and time stamps collected from all parties conducting transactions or placing queries. This could provide a comprehensive audit trail of channel activities and could deter operator ‘joy-riding’ or illicit use of the system.

The vision needs a sufficient number of governments, acting over a nominal five-year period, to mandate the replacement of their entire portfolios of corporate identifiers. Provided there is multilateral government sponsorship, a global actor like the World Customs Organization probably could take the lead role, in collaboration with global opinion leaders from the community of trading partners.

Some will say that this is too tall an order. Yet, except for the inclusion of a key government role, this larger vision is an exact parallel of the RFID-EPC-GDS vision for a global change in business processes that is already being pursued. The larger vision simply acknowledges that governments will be a necessary partner and will have to change some of their existing practices, if this vision of global transformation of business processes is expected to take less than 30 years. We also have seen a recent success in collaborative change on a global scale. Early computer programmers took an expensive shortcut that eventually threatened global computing networks and administrative processes. In less than five years, global private-public cooperation on Y2K produced the vision, the expertise and the large financial resources to neutralize the risk and to fix the world’s computing systems. When risks are large and minds get focused, we can act globally. The RFID industry needs to face up to this challenge. So do governments.

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