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Unsexy e-commerce exchange plans major U.S. campaign

bolero.net, the e-commerce community that provides an electronic infrastructure for transacting international trade, has signed up Evergreen Marine Corporation as a member and plans to launch a marketing offensive in the United States this February.

Described as a joint venture between the world's banking and logistics communities, bolero.net supplies what Peter Scott, commercial director, refers to as the "unsexy bit" of e-commerce -- the legal and information exchange ground rules that make it possible to transact e-business globally.

Using these pre-agreed ground rules, traders do business electronically. Scott said that there are many Internet sites that bring buyers and sellers together, but few that "are basically coming at it from the back end."

As e-commerce matures there will be a greater demand for secure spaces in which to do business in cyberspace, he maintained. Electronic traders are "going to need something that provides legal certainty and presents a community through which to trade," he said.

Evergreen was one of the 120 companies that participated in trials of the service last year. It used bolero.net to electronically exchange trade documents with other links in the supply chain. These include general documents such as purchase orders, and more specialized information such as vessel manifests, said Scott.

In December two major Japanese banks, Sakura Bank and Sanwa Bank, became members of the Bolero.net community, and are each paying \$150,000 per year for the rights to use the system. The banks will use the service to exchange documents with exporters, a process that normally takes about two weeks by mail. They expect to reduce this to one or two days using the Bolero.net system. Other leading Japanese banks, including Fuji Bank, are due to join early this year.

In the United States, Citibank Global Cash and Trade, part of Citigroup, completed in December what it claims to be the first live electronic trade transaction using bolero.net.

The exchange was also the first full supply-chain trade transaction with more than five participating companies, the bank said. The transaction covered "purchase-order-to-payment" on a shipment of women's knitwear under letter of credit terms. Federated Merchandising Group, a division of Federated Department Stores, Inc., was the buyer. Mercantile, the logistics provider,



ocean carrier APL, and apparel supplier Peninsula Knitters participated in the transaction to ensure full supply chain involvement.

The project required the participants to complete more than thirty process steps over a three-week period to execute the live, paperless transaction. It began with purchase order and letter of credit initiation between the importer, (Federated), the exporter (Peninsula Knitters) and Citibank which was both the issuing and advising bank for the letter of credit transaction.

The preparation of the export documents for shipment to the United States was a major portion of the effort, according to Citibank. The export and transportation document sets involved Peninsula (for the export documents and invoice), APL (for the bill of lading) and Mercantile (for coordination of the shipping process and the forwarder's cargo receipt).

The full set of export documents was presented to Citibank electronically by Peninsula for negotiation of the letter of credit. Citibank made the payment to Peninsula based on this presentation and a payment pre-advice from Federated authorizing payment to Peninsula for the shipment.

Scott said that having rolled out the bolero.net system last year, the organization now plans to expand its user base. Although it is international, "we have not reached deeply into the U.S." he acknowledged. A U.S. marketing drive will be launched next month, and the organization plans to open an office in New York at the same time.