



The Tale of the

**How it  
redefines the  
role of IT  
Solutions in  
business**

# Check

**By Ryan Vincent J. Cordova**

**T**HE story began in the year 2000. Republic Act 8279, or the E-Commerce Act was passed.

Great things were expected from the new law. Its proponents claimed that it would revolutionize the way we would do business here in the Philippines. They said it would pave the way for the globalization of Philippine business practices.

It has been Two People Powers and five years after the event, and still, very little has changed in the way people do business in the country. The balloon of E-commerce doesn't seem to have risen at all for all the gas legislators and business had pumped it up with.

Any law or legislation can only be beneficial to the parties concerned if it is put into practice; otherwise, it remains as ineffectual as a car engine without the body. Legislation will only open new roads, new opportunities for growth and development.

Unfortunately, no one seems willing to take that first step.

#### **Digital Checks and Official Receipts**

CommerceWorks, Inc. (CWI) may soon change that.

The Digital Check and Digital Official Receipt project will be pilot run by San Miguel Corporation, in cooperation with the Philippine Clearing House Corporation and a volunteer group from the banking sector under the supervision of CWI. The project promises to be its largest and most ambitious campaign to date.

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The software platform which will be the linchpin of the project, Document Hub, works similar to pigeon hole compartments; if someone wants to send a document, he takes the kind he needs from the Hub, fills out the required information, and returns it. Unlike the traditional check, no physical medium is being traded; everything begins and ends with the web form, while being compatible with whatever system currently being used by the user.

Document Hub has been used before by CommerceWorks for trading and sales invoicing applications. It is software that has been accredited and recognized by the Bangko Sentral ng Pilipinas.

No human hands touch the check from the point of issuance to its return or cancellation, virtually eliminating most concerns about the security and accuracy of information on the check. What has been a catalyst for this project has been the existence of a neutral Signature Authenticator which is currently managed by DBP Data Center Inc. (DBP-DCI), which is in turn under the supervision of the Bangko Sentral ng Pilipinas. It is hoped that the pilot will likewise determine if there is a need for the management of the authentication activity to be another body.

To top it off, things get done faster in the centralized environment; which means that more business can actually be done in a shorter span of time. Delays caused by misplaced or lost checks and ORs will also be no more as all checks and ORs are stored on separate servers within the system.

## Another technology implementation project?

Mr. Gamaliel Pascual, managing director of CommerceWorks, Inc. however, does not see the project as simply another case of a corporation adopting a new technology. In his own words: "This is not so much a technology implementation project — if it is, it's a dime a dozen."

Digital checks and ORs are the first step toward a "paperless" business system. "The challenge is not in taking business electronic — business has long been already electronic; the question now is, can you go paperless?"

Pascual, 25-year veteran in the banking industry, is confident that Document Hub is up to the challenge of technology posed by his goal. His company spent three years developing the software. They also had to win the confidence of the Bangko Sentral and the banking community at large.

In fact, it might be said that one of the successes already scored by the project is how it was able to get participants from the government, commercial and financial sectors to get together and cooperate on a project of its scale.

The pilot run with SMC — set to run for a minimum of at least two years — will put the technology through its paces. "It's now doing what it's supposed to do." More importantly, however, it will hopefully establish clear-cut specific guidelines, operational principles and procedures. The ultimate goal is to iron out ambiguity especially in the legal issues involved, currently impeding the growth of the E-Commerce sector.

## Going Paperless

Today, clerks have to maintain both electronic servers and mountains of paperwork. Why? People do not know yet if paperless technology is reliable, if it is safe. "Yes, we know it's legal...but can you rely on it?"

As a result, people still hold on to paper documents for ease of mind and security.

Nobody will argue that technology brings efficiency with it. "The other side is, what do you give up when you go electronic?"

Perhaps, Gadburt Mercado, a director of CommerceWorks, summed it up best. In case something goes wrong, how do you prove using that electronic infrastructure,

that the same comforts, representations and warranties you get from paper, can be equaled in the electronic version?

The Document Hub technology's solution: allow the re-creation of the entire paper-based workflow structure in the digital environment — this is one of the foundation principles that the DH software was designed on. The application recognizes that behind every step of the workflow cycle, is a necessity in the process of doing business.

As Pascual explains it: "When an IT company develops an application, they look out for convenience and efficiency, that's the nature of the beast, being finance professionals, we have to be sensitive to the fact that it may go beyond just convenience. For things to work properly, you have to address all the risk issues" from the various constituencies.

In the corporate world there are hierarchies to follow. Whether in paper or digital there's a process to follow. There cannot be shortcuts. Document Hub faithfully mimics the paper world with all the benefits of doing things electronically; it also addresses all the issues of these various constituencies.

Perhaps this is one of the reasons why the technology received the kind of support it did.

Pascual clarifies, however, that: "You're probably not going to use digital checks to pay for your next pair of Nike shoes." The technology was designed for corporate transactions, and will foreseeably stay that way. Retail clients will still be using standard paper checks.

Nonetheless, Pascual and Mercado are both equally enthusiastic about the technology as a solution that will be able to benefit not just any one side of the financial community — it will benefit all in the system.

"We treat technology as infrastructure. You have to think how these things will affect the bigger picture. It has to be good for all." as Mercado puts it. ■