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Poland Progresses Towards Wider EDI Implementation

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At a quiet park retreat on the outskirts of Lodz, some 140 people from a cross-section of private and public sector organizations gathered for Poland's Fourth International EDI Conference, June 3-5. Lodz (pronounced "woo-stz"), the second largest city Poland, is located 168 kilometers south-west of Warsaw. It is also the home of Marian Niedzwiedzinski, professor of informatics at the University of Lodz, who initiated these conferences to advance the implementation of EDI in Poland.

Until recently, EDI activity in Poland has been limited to exchanges between Polish and German automobile manufacturers and their suppliers. Companies wanting to implement EDI had to establish point-to-point connections with their trading partners. Value-added networks, with store-and-forward services, did not exist.

The new business freedom acquired in 1990 resulted in a surge of independent thinking, with each organization wanting to go its own way. By 1995 the economic consequences of such uncoordinated development were generally recognized, together with a new appreciation of the need for standards.

A current obstacle to deriving greater benefits from EDI in Poland are legal requirements for paper, notes Mrs. Grazyna Rzymkowska, chief of the Informatics Department at the National Bank of Poland. Trading partners can agree among themselves to recognize electronic purchase orders and invoices, but the law insists upon having a signed paper document.

Institutional support

One response to the need for improvement has been the creation of a Polish Coordination Council for Teleinformation under the office of the Prime Minister. With some twenty members representing various government and industry sectors, the Council has formed several task teams, including one to address the legalization of electronic documents. The team hopes to complete its analysis and present recommendations by the end of this year.

CEDIP, the Polish Center for EDI, was created last April as the country's principal EDI organization user organization. It succeeds PLODETTE, which focused on data exchange in the Polish automotive industry. Currently CEDIP has 50 members from different branches of industry and government and hopes to increase to 100 by the end of 1996. The European Commission's PHARE programme will sponsor a series of management conferences in Poland to promote EDI and CEDIP will provide the speakers.

Improving infrastructure

The telecommunications infrastructure is progressing, but the situation is difficult. Approximately 2.2 million people are waiting for telephones. Poland spends a higher percentage of gross domestic investment on telecommunications (4.7%) than the European average (3.3%). In absolute terms, however, this translates to USD 16 per capita compared

to USD 100 in the European average.

Telekomunikacja Polska S.A. is the Polish telecommunications company. While split off from the Ministry of Post and Telecommunications, the government remains the shareholder. Full privatization should begin in 1997.

Wojciech Molisz, a technical expert with TP S.A., says the company achieved its objective of connecting one million new subscribers in 1995, a rate that it expects to maintain. Thus he expects the 2.2 million backlog to be addressed within the next two years.

Rapid growth is expected over the next four years: with business subscribers increasing from 1.2 million to 5 million; pagers up from 65 thousand to 3 million. Mobil subscribers are forecast to reach 6 million over the next decade as rates drop.

The cost of telephone communication is Poland is similar to rates charged in neighboring Germany. The problem is that wages in Poland are one-tenth of the German levels. Access to the Internet and World Wide Web can be obtained for USD 40-50 per month. Telephone connection to the Internet Server Provider will cost an additional USD 4-5 per hour. Consequently Internet access is effectively limited to larger firms or universities.

There are several public switched data networks in Poland. The largest is POLPAC, with a reported 2000 subscribers. TELEBANK is used by some 1000 bank branches throughout the country. KOLPAC is the network used by the railways, NASK for universities, and CUPAC for government use. While frame relay services are available and ATM is being tested, most data communication is X.25.

Financial EDI

The National Clearing House Co., or KIR (Krajowa Izba Rozliczenoiwa S.A.), was founded in November 1991 and is owned by 18 major banks, including the National Bank of Poland (NBP) and the Polish Bank Association. KIR provides two services: one is a paper-based clearing through a network of couriers and an electronic netting system for clearing these documents with next day settlement. The second is ELIXIR, which involves no paper in exchanging paper instruments between banks and provides for multiple same day settlement. In both cases settlement is carried out at the NBP on the basis of net amounts reported by KIR as a result of the clearing.

According to KIR's Pawel Lysakowski, ELIXIR, was developed together with UNISYS and became operational in April 1994. Contrary to the paper-based clearing, which covers all branches of a participating bank, ELIXIR is implemented on a branch-by-branch basis. About 600 branches from 33 banks participate in the system, with an average of 23,000 transactions exchanged daily. Currently these are credit transfers only, but ELIXIR is able to process cheques and direct debits as well. It is used for domestic transactions and has no multi-currency capability.

Transaction formats were modeled upon S.W.I.F.T. Transactions are grouped into files and sent either on-line through TELEBANK or delivered on diskette. Security is provided through digital signature using the RSA algorithm. Banks can monitor their positions in the system in real-time, Mr. Lysakowski added.

Commercial environment

Bar coding technology and EAN International is represented in Poland by the Institute of Warehouse Management (IGM), located in Poznan. Elzbieta Halas, director of IGM's Bar Code Centre, reports that Polish participants in the EAN system have grown to 5,000 in five years. They have created a Polish language version of EANCOM implementation guidelines for UN/EDIFACT standard messages, though at present no Polish companies are using EANCOM.

Ms. Halas describes Polish trade as consisting largely of small shops, lacking the resources to invest in EDI and electronic commerce. The country is beginning to see the entrance of larger foreign wholesale and retail distribution chains into the domestic market. This is certain to lead to the consolidation or disappearance of many small enterprises, a challenge to which IGM is trying to respond.

EDIPOL Sp.z.o.o. was the first private company set up in Poland to provide EDI systems. Headed by Eugeniusz Danikiewicz, former rapporteur for the Central and East European EDIFACT board, and Jan Durzkiwiez, the company represents the British company, Data Interchange, and the American firm, Supply Tech. With the later company they have developed a Polish language version of the STX translation software. More recently EDIPOL has developed its own software, EDIPRIM and is launching a value added network in collaboration with Satelcom. The company has also been engaged by the International Road Transport Union (IRU) to develop an EDI application to speed up reporting of TIR carnets cleared at Polish Customs offices. While no longer required for transport among members states of the European Union, the TIR system remains a important means of facilitating the border transit of goods from Central and East European countries.

ComArch S.A., headquartered in KraKow, is a dynamic systems integrator whose organization structure and strategy reflects the development of teleinformatic services into different sectors of the Polish economy. Drawing upon experience gained in major network projects with Polish Telecom and the Department of Telecommunications, it is now seeking to support systems implementation in industry, finance, health care, and other sectors. Partnerships with major manufacturers of computer and network hardware and software have contributed to ComArch's success in achieving sales of USD 1.4 million in three years, a figure which needs to be appreciated in the context of an economy where an average monthly salary is about USD 150.

A determined outlook

While most participants at the 4th International EDI Conference in Lodz expressed uncertainty about the economy in general, there was considerable optimism about the future of electronic commerce in Poland. The positive attitudes are matched by a penchant for work hard. Example: The Conference agenda ran from 8:30 to 19:00 with few breaks. One recommendation for next year's Conference was to postpone the evening barbecue to allow for an extra hour for discussion.