

Frances E. Schrotter
ANSI Senior Vice President and Chief Operating Officer

ASC X12 25th Birthday Celebration:
25 Years of Business-to-Business Accomplishments

ASC X12 Trimester Meetings

Meeting Dates	Venue	Local Contacts
June 6-11, 2004	The Palmer House Hilton 17 East Monroe St. Chicago, IL 60603 (312) 726-7500	Julia O'Brien (Marketing and PR) Diane Huber (Meeting Planner) Registration desk: Seventh Floor - Open Area Registration desk telephone: (NOTE: This is D. Huber's cell #) 703-201-1466

Sunday, June 06, 2004

Upon arrival and getting settled – if you are not too tired – you are invited to stop by and check in at the X12 Registration Desk located on the 7th Floor – Open Area. If you like, Julia and/or Diane can arrange for you to have drinks and/or dinner with the X12 leadership.

Monday, June 07, 2004

5:00 PM - 6:00 PM	X12 General Session	Empire Room. Lobby Level
6:00 PM - 7:00 PM	X12 Opening Reception	Mezzanine

**ASC X12 25th Birthday Celebration:
25 Years of Business-to-Business Accomplishments**

Thank you, <<*name of person giving introduction*>>, for that introduction.

Good afternoon everyone. Congratulations on 25 years of very successful standardization. I am deeply honored to join the distinguished members of Accredited Standards Committee X12 in your celebration of 25 years at the forefront of the e-commerce industry.

I bring with me the warm wishes of the Institute's members and staff. On behalf of the global standards community, I also express our gratitude for the tireless dedication this group has given to promoting and advancing the seamless exchange of business information.

(pause)

I would like to extend special thanks to Ralph Berwanger (*pronounced Bur wanger*), chairman of Accredited Standards Committee X12; to Jerry Connors, DISA president, and to the entire DISA/X12 team, for inviting me to address the many volunteers and staff of ASC X12. This is a special privilege – particularly since I can remember well when this group was formed in 1979.

Ed Guilbert visited the ANSI office in NY and laid out his vision for standardizing edi.

We briefed him on the steps that would be necessary to set up a new voluntary consensus standardization activity and the rest is history.

As with many new groups, especially one that brings together to many diverse industries, there were some bumps along the road. But these were overcome because the work to be done was so very important.

After several years of having X12 administered by different organizations, in 1986 the Data Interchange Standards Association was formed and, officially, in 1987 became the Secretariat for X12.

Harriet Rusk, DISA's first president, and countless others were very dedicated to facilitating the committee's work while also building strong relationships with ANSI and the larger standards community – a tradition that continues today with the current staff and volunteers.

(pause)

I speak from a very personal perspective when I say that your founders, some of whom may even be in the room today, were pioneers.

I had the opportunity yesterday to glance at the photos of the numerous recipients of the Ed Guilbert Award. From the very first recipient, Ed himself, I was struck by the fact that without the leadership of these individuals, we would not be here today celebrating. Founded in what some might consider the birth of the Information Technology and Telecommunications generation, the members of X12 developed an electronic communications model that revolutionized e-commerce. You removed data exchange barriers that had previously complicated transactions between companies due to different computer and communications systems. And by standardizing message formats between established trading partners, you simplified what pieces of information are mandatory for a particular document, and clarified which pieces of information are optional.

Following through on the vision of the X12 founders, you have developed, integrated and tested more than 315 electronic data interchange transactions sets that have forever changed the face of business-to-business electronic commerce.

Your success can be attributed – at least in part – to the diversity of organizations comprising X12's membership. Yours is one of the first truly cross-industry standards-setting groups. With your mix of private and public sector representatives – and, because of the unique perspectives and roles that you each play as developers, providers and vendors, or users of EDI – X12 has maintained a unique perspective and a rich heritage of service to the global business community.

The testaments to your success are many. In fact, as I prepared to meet with you today, I found a reference indicating that EDI is the engine behind **95%** of all electronic commerce transactions in the world. This is impressive, and ANSI is proud of your accomplishments. You are a strong and integral part of the broader standardization community.

Allow me to put this into perspective by explaining a bit more about ANSI and the global standards system:

(pause)

Since it was founded in 1918, the American National Standards Institute (ANSI) has served as the coordinator of the U.S. voluntary consensus standardization system. We are a private, 501(c)3 not-for-profit membership organization established by five engineering societies and three government agencies because they recognized the need for a focal point for standards coordination, harmonization and information.

ANSI is not a government agency or a regulatory body. Rather, the Institute provides a forum where subject matter experts from the private and public sectors can work cooperatively toward the development of voluntary consensus standards that ultimately benefit the nation.

Today there are more than 10,000 American National Standards (ANS) that have been approved by ANSI. We address standardization needs in such fields as nuclear energy, information technology, material handling and electronics. Alongside traditional engineering committees and design-based standards are new and innovative projects ranging from quality and environmental management, to standards for the service industry and most recently, for personnel certification programs.

One of ANSI's responsibilities is to address urgent national priorities and a very recent example of this was the formation in early 2003 of the Homeland Security Standards Panel. The Panel is a true public and private sector partnership what was formed to address initially the standardization priorities identified by the Department of Homeland Security. It has also responded to needs identified by the 9-11 Commission and most recently recommended to the Commission an American National Standard, NFPA 1600, on Emergency Preparedness and Business Continuity.

9-11 Commission chair Tom Keane and Department of Homeland Security Secretary Tom Ridge frequently refer to ANSI and our recommended standard when discussions of this topic arise.

(pause)

However, it is important that I remind you that ANSI itself is NOT a standards developer. Rather, there are some 200 ANSI-accredited standards developers across the spectrum of industry.

X12 is one of these developers. Frequently, you also work in partnership with other ANSI-accredited groups – such as INCITS, the InterNational Committee for Information Technology Standards; Health Level Seven and the National Council for Prescription Drug Programs – to harmonize business technologies and develop standards that meet the needs of all users.

Today, I understand that X12 is using its open, consensus-based development process to create a new generation of e-business messaging standards, thereby providing a foundation for tomorrow's technology environments.

Similarly, ANSI's focus has always been to remain responsive to the evolving needs of its constituents. Our programs are constantly expanding and adapting to meet the changing needs of industry, government and other sectors. The work X12 is doing now directly supports the efforts of the broader standardization community and further solidifies your role as a vitally important member of the ANSI federation.

(pause)

It is equally impressive that your efforts during the past several years have extended well beyond a national effort and that your new projects are being viewed from a global perspective. This is appropriate as today's standardization climate is global in nature.

History and current trends preclude us from considering any but a few industries as strictly local or regional in nature. Business transactions do not begin and end within our nation's borders. This, too, is the nature of the standards community. More than anything, advances in standardization today are built upon successful collaboration and partnerships.

As the country's official representative, ANSI ensures that U.S. interested parties have immediate access to the standards development processes of the International Organization for Standardization (ISO) and, via the U.S. National Committee, to the International Electrotechnical Commission (IEC).

Since January 1, 2003, an American – Mr. Oliver R. “Ollie” Smoot – has held the position of ISO President. The U.S. also holds leadership positions in the IEC and in several of the regional standards bodies around the world.

X12 is actively involved in the advancement of U.S. standardization efforts in the global arena. In ISO, this includes the activities of Technical Committee 154, *Processes, data elements and documents in commerce, industry and administration*.

To facilitate global e-commerce, X12 first joined forces with UN/EDIFACT to develop international EDI standards within ISO/TC 154. For those who many not be familiar with the acronym, UN/EDIFACT stands for “United Nations Standards Messages Director for Electronic Data Interchange for Administration, Commerce and Transport.”

Today, I believe that much of your work is concentrated in partnership with the United Nations Center for Trade Facilitation and Electronic Business (UN/CEFACT) and focuses on the global standardization of business specifications using the Extensible Markup Language (XML).

(pause)

In fact, it seems that your work has come full-circle since the origins of X12.

Twenty-five years later you are poised again at the same spot as your founders – faced with developing a global, non-proprietary solution to the sharing and storing of electronic information.

Data interchange standards – whether utilizing EDI terminology or XML – are critical to trading partners, regardless of whether these partners are small, medium or large enterprises, governments, organizations, communities, or consumers.

Fundamentally, your industry provides a critical infrastructure that supports global trade and commerce. That is why it is absolutely essential for X12 to strengthen its overall involvement in the standardization community.

(pause)

Naturally, any time that you work within a system that is based entirely upon consensus, there will be issues to address. For example . . . concerns are sometimes raised about setting standards too early and impeding creativity. On the other hand, set standards too late and lose out on the ability to affect the rate and direction of technological development.

X12's methodology of developing draft standards for trial use has worked extremely well for your organization. You are able to pilot, or "test" proposed new transaction sets before incorporating into an official standard a requirement that may be cumbersome – or even burdensome – for certain trading partners.

I saw a reference recently that compared implementation of an EDI standard to the use of a building code. "Just as two kitchens can be built 'to code' but look completely different, two EDI documents can follow the same standard and contain different sets of information. A food company, for instance, may indicate on a purchase order a particular product expiration date while a clothing manufacturer would choose to send color and size information."

The American national standards system recognizes that new challenges in health, safety, consumer issues and protection of the environment, as well as in the explosion of world trade and rapid changes in technology and communications, will result in diverse standards needs. These needs cannot be addressed by a rigid, top-down system of standardization. Rather, they will be addressed through cooperation and collaboration and a distributed standardization and conformity assessment network that is flexible and responsive to user needs.

X12 has formally embraced this approach and has proven that it works.

The U.S. is fully committed to a system in which the market dictates the timing, content requirements, and number of standards that are to be developed under a voluntary, consensus-based, standards process. Open, ongoing communications between the U.S. and its global trading partners while sitting at the standardization table can be a critically important endeavor.

By working in concert with UN/CEFACT on the ebXML architecture, X12 is helping to establish a model that reinforces the “build it once and use it everywhere” model.

ANSI has been proactive in advancing this “One Standard – One Test – Accepted Everywhere” concept within the global standards community. I am pleased to report that

we have already seen the successful incorporation of many ideas supporting this approach in the operational structures of ISO and IEC.

We also believe that the market-driven approach to standardization aligns directly with the principles of the World Trade Organization and its Technical Barriers to Trade Agreement.

These principles of transparency, openness, consensus, relevance and coherence are ones that have been advocated by the US to ensure that truly global standards are used, not standards that favor only one region of the world.

From a purely economic perspective, about 80 percent of global merchandise trade is affected by standards and by regulations that embody standards. In terms of the U.S.-European economic relationship, this means that standards influence an estimated \$200 billion in transatlantic trade.

Two weeks ago, the Census Bureau of the U.S. Department of Commerce announced that its estimate of U.S. retail e-commerce sales for the first quarter of 2004 was \$15.5 billion, an increase of more than 28% from the first quarter of 2003 and a representation of nearly 2% of total retail sales.

The numbers are already high and evidence shows that they continue to rise.

These statistics also demonstrate that the standardization work of X12 – both domestically and globally – has a direct impact on the advancement of technology that is used globally, the delivery of professional services and support for this technology, and in the communication of critical business data between and among varied audiences.

(pause)

I mentioned a moment ago that the U.S. is committed to this “sector-based approach” to voluntary standardization activities.

This commitment is documented in the National *Standards Strategy for the United States*.

First approved in late 2000, the focus of this Strategy is to improve U.S. competitiveness in the global marketplace while continuing to provide strong support for domestic markets and key quality-of-life issues such as the environment. This standardization framework builds upon the traditional strengths of the U.S. system – such as consensus, openness and transparency – while giving additional emphasis to speed, relevance, and meeting the needs of public interest constituencies. These strategic and tactical initiatives can be used by diverse interests to meet their own national and individual organizational objectives.

On Tuesday, May 18, ANSI launched a review of the Strategy with a view to updating the document to reflect current practices and initiatives. We will focus our efforts with a

view towards not only current practices and circumstances, but also with a view towards the future. Interesting choices will need to be made.

For example, the current Strategy has a decidedly U.S.-centric focus. Although it emphasizes the need for the U.S. to expand its standards influence globally, it does so with an eye to getting others to adopt U.S. technology and U.S. practices – a win-lose proposition, if you will.

Since 2000, our view of globalization has matured. Industry increasingly wants the synthesis of globally relevant solutions – the “One standard and One test that can be used around the world” concept that I mentioned a moment ago. As noted, through ANSI’s leadership, ISO and IEC now embrace this concept. The current national standards strategy must be updated to fully reflect this.

As another example, the original NSS observed that the standards system is quite diverse, both traditional and consortia organizations play critical roles. Perhaps the time has come for our strategy to be more specific as to how our system should combine the best of both worlds.

A third example is funding of the standards system. Going forward, who should be paying for it, and how? Should it continue to rely on document sales? If not, what is the alternative?

There are many tough issues to consider. And developing a strategic plan is only the beginning. Implementation is key.

But we are firm believers that a well-founded standardization strategy will directly support not only X12's endeavors, but also those of the broader U.S. standards system.

(pause)

I am pleased to tell you that our system is highly regarded and commonly recognized as one of the most effective and efficient in the world.

Contrast the U.S. system to the systems in place in other regions of the world, however, and you will undoubtedly see quite a difference.

In many nations there is a “top-down” approach to standardization where the government, or groups closely coupled to government(s), serve as the standards setters. Because of these differences, other regions of the world perceive that no one in the U.S. — neither the government, nor any central authority — is in charge.

It is true that in the U.S. no single government agency has control over standards. Each agency determines which standards meet its needs. The agency is responsible for determining whether a private sector standard already exists that is appropriate for its

needs. If so, they will use the private sector standard. If not, the agency is expected to work with the private sector to develop the needed standard.

In accordance with the National Technology Transfer and Advancement Act of 1995 (Public Law 104-113), federal regulatory and procurement agencies are directed to rely upon private sector standards whenever possible – and to participate in their development. This is a substantive move away from the traditional “command and control” role of government and a move toward working with the private sector.

Clearly, benefits arise from an increasingly stronger partnership between U.S. industry and government. As examples, the Standards Attache at the U.S. Mission to the European Union works very effectively with ANSI in advancing issues of mutual interest, and the U.S. Foreign Commercial Service has been firmly committed to educating their officers around the globe on U.S. standardization practices and principles. All this is done with a view to advancing global trade.

(pause)

In March 2003, the Department of Commerce announced a new initiative aimed at boosting U.S. exports by reducing technical barriers to trade. Included in the program was an eight-point plan intended to augment current DoC activities. Its goal was to create a more level playing field around the world. This was a welcome new project that will help to strengthen a widespread understanding of the important role that developing and

using voluntary standards and conformity assessment play in the support of U.S. citizens and the competitiveness of our nation's industry in international trade.

In the same month, the DoC also launched its Manufacturing Initiative to help address the significant competitive challenges facing American manufacturing. Consistent with the Manufacturing Initiative and the findings of the Bush Administration's recently released report on manufacturing in America, the recommendations in the DoC Standards Initiative report are intended to improve the environment for manufacturing and enable U.S. manufacturers to compete more effectively in world markets.

ANSI was very pleased that the DoC solicited and relied on input from us in finalizing the Standards initiative. On May 18, 2004, Dr. George Arnold, chairman of the ANSI Board of Directors, participated with Secretary Evans in a press conference announcing the release of this report. A news item about the event – along with a link to the DoC report – is available from ANSI's website at www.ansi.org.

The Institute will be involved in working with Commerce and various other players in the private sector to assist in the development of follow-up plans to the report.

(pause - BEGIN CONCLUSION)

For economic reasons and others, the roles of ANSI . . . the roles of DISA and ASC X12 . . . the roles of government . . . and the roles of other members of the U.S. voluntary

consensus standards community in international standards setting are intimately linked. Collectively, we are information-focused and we support global industry and the worldwide sale of product.

X12 standards are widely recognized and enable the computer-to-computer exchange of structured business data in a publicly agreed and globally standardized format. The result has led to dramatic improvements in speed, accuracy, security and efficiency benefiting thousands of businesses around the world.

Yet, as I mentioned a few moments ago, any time that you work within a system that is based entirely upon consensus, there will be always be issues to address. For X12, the challenges you faced 25 years ago are similar to the challenges you face today.

The needs haven't really changed – you are still working to meet the requirements of your customers. What *has* changed is the mechanism you use to transition from a range of proprietary solutions for the exchange of business information to the establishment and acceptance of a single solution that would be accepted nationally, regionally, and globally.

In 1979, the solution was EDI-focused. Today, the business issues and the standards-driven opportunities you are pursuing appear to be XML-focused. Tomorrow, the challenges you face may differ again.

I encourage you to remain vigilant. X12 provides a valuable service in cross-industry standards setting, and your past successes are deserving of praise. But now is the time to move forward with new vigor and energy.

- Maintain your involvement as an active and integrated member of the ANSI federation and the global standardization community,
- Retain control over the pace and content of your standardization initiatives,
- Capitalize on your relationship with global partners, and
- Strengthen your leadership role in domestic, regional and global standards and conformity assessment activities.

ANSI is ready to be your partner – and we look forward to seeing what the next 25 years has in store for us!

Again, congratulations on 25 years of very successful standardization.

Thank you.

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