SEMPER: A Security Framework for the Global Electronic Marketplace

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Abstract

Security for electronic commerce is urgently required, but it must be built in an orderly and extendible way that provides for the security services needed today and in the future. The *SEMPER* project (Secure Electronic Marketplace for Europe), partially funded by the European Commission, aims to provide the first open and comprehensive set of security solutions for electronic commerce. This paper reviews security requirements for the global marketplace, and describes the objectives of the project, its approach to security, its field trials, and its proposal to increase certainty in electronic commerce.

Introduction

Competitive forces are pressuring the commercial community to adopt new technologies for greater efficiency. The result is the emerging Information Society. Electronic commerce is experiencing tremendous growth over the Internet. It is projected that by the year 2000, transactions worth over $25 billion will have been conducted via the new medium.

Prerequisites for such large amounts of money being exchanged over the information networks are, however, making the electronic marketplace secure and establishing sufficient trust. Much research is being pursued to achieve this goal. However, most of the efforts are restricted in scope, e.g. limited to payment, cryptography, intellectual property rights protection, etc. without giving enough attention to the need to integrate the various solutions in a consistent way. The *SEMPER* project proposes an open security framework that should provide for such an integrated, complete and global electronic marketplace.

The first section of this paper briefly reviews the security requirements for safely conducting electronic commerce over the Internet, the main difficulties which have arisen and the progress made so far towards their resolution. The objectives of the *SEMPER* project are outlined in this context. The second section presents the general approach of the project, its security architecture, and the basic and advanced security services that it proposes. The third section discusses the SEMPER field trials, and the initial results which can be drawn from these trials. The fourth section introduces work on agreements, to be signed by sellers and buyers, which are intended to encourage the use of the Internet for doing business.

1. The secure marketplace

1.1 Requirements

Electronic commerce is a transposition of traditional commerce to the context of information networks. In the traditional marketplace, every operation, apart from the exchange of physical goods and services, is based on information: offers, brokerage, negotiations, orders, contracts, payments, documents, receipts and the resolution of disputes. The model of the traditional marketplace is, therefore, perfectly suited to the electronic marketplace, provided that its characteristics and requirements are appropriately translated in electronic terms.

Like traditional commerce, the electronic marketplace should facilitate the establishment of relationships between potential sellers and buyers. Sellers and buyers should be able to negotiate the terms and conditions of transactions, such as the goods and services being offered — which may be dependent on the profile of the buyer, the applicable laws or regulations —, the price, the means of payment, the mode of delivery, guarantees, etc. The negotiation may be concluded with an explicit

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contract, signed electronically. The parties should be able to dispute the transaction both before and/or after its conclusion.

As a key to its acceptance and the successful development of its huge potential, electronic commerce should handle all these situations in such a way that it is open to everyone, and at least as convenient to use, reliable, secure, and legally predictable as traditional commerce. Unless these minimal properties are fulfilled, people will be cautious about the routine use of electronic commerce, or will disregard it altogether.

With the disappearance of the physical presence of the parties, trust also vanishes, especially when communication is conducted via an insecure medium like the Internet. The viability of electronic commerce requires that trust be restored. Buyers must be able to securely identify sellers and obtain assurance that they are legitimately established and accredited. Enterprises, for example, would be breaking the law if they bought from sellers that are not legally registered. Buyers might only trust sellers that are accredited by a particular payment system provider, or a particular consumer organisation. The integrity of the transaction must be preserved: buyers need to be confident that they will receive the goods, or the service that they actually ordered in return for their payment, and sellers must be sure that they will be paid for the goods, or the service delivered. Privacy is receiving more and more attention. In most cases, confidentiality will be required regarding communications, the existence of transactions, or their specific details — price, conditions, date, identity of the parties, etc. The recovery of transactions and the resolution of disputes must also be guaranteed in order to provide the parties with genuine recourse should equipment or network failures occur, or if they are confronted by dishonest practices on the part of their business partner.

1.2 Fundamental issues

The challenge to establish electronic commerce in such a way that it fulfils the requirements outlined above is formidable.

First, the techniques which are capable of meeting the trust requirements described are highly complex and the tools which support these techniques must be integrated into systems. In turn, these systems have to provide processes which allow users to act as reliably and easily in the electronic marketplace as they currently do in the context of traditional commerce. These systems need to address the complete set of issues raised by the electronic marketplace. Handling just part of the problem, such as providing payment only, is clearly insufficient and burdensome. It would only positions users half way between the physical and electronic worlds when performing a single process, the transaction, which requires that integrity be guaranteed. It goes without saying how uncomfortable this position can be.

Second, users must be able to trust that their systems are, in fact, behaving as they appear to be behaving and are protected against security attacks. Particular attention must be given to user devices, which enable users to participate in the electronic marketplace with full knowledge of the state and meaning of their transactions.

Third, these systems must be fully interoperable, and despite their heterogeneous nature, they must guarantee that no important information can be lost. For example, incompatibilities may prevent users from accessing the site of their choice, mask important transaction-related information, or prevent correct transaction recovery.

Fourth, electronic commerce needs to be backed by a legal framework which provides users with a transparent and predictable legal environment which is adapted to the medium and includes the legal acceptance of digital signatures and electronic information appropriately authenticated as evidence in case of dispute. This framework should be valid, regardless of the jurisdictions in which buyers and sellers reside. This is particularly true for cross-border commerce, where the patchwork of laws from different countries already creates significant complexity for marketing strategies and for the enforcement of contracts, liability, privacy, and security. This complexity could increase with new country-specific taxes, duties, and regulations regarding the use of new technologies and the type of information exchanged with them.

Fifth, security assumes that there is a network of registration, certification, and key distribution authorities, whether public or private. These authorities represent the cornerstone for authenticating users and, therefore, for establishing trust among users of electronic commerce.

Sixth, cryptography is subject to hot debate, in particular regarding export controls, key management and control, and the use of encryption for purposes of confidentiality. Uncertainty about future governmental regulations on these issues is having a significant effect on the expansion of electronic commerce.

Seventh, electronic commerce users must be appropriately trained to understand what electronic commerce should mean to them, its associated benefits and risks, and which security measures need to be taken in order to protect their systems and their data.

1.3 Current status

The hype of electronic commerce on the Internet has generated considerable efforts on the part of the community of manufacturers and researchers. After a first wave of products and implementations of Web sites which were designed for the narrow perspective of marketing and promoting enterprises and commercial outlets on the Internet, the second wave began to make the Web more interactive and captivating, as the technology and company know-how evolved. Digital libraries and on-line catalogs emerged. With the third wave of Internet-related technology, emerging in 1996, it has become possible to authenticate the parties, allow customers to browse through catalogs, to place orders, to pay for them, to receive the goods and to access on-line services. Progress has been made with respect to secure payment with credit cards, based on the Secure Sockets Layer (SSL) protocols from Netscape, but more importantly, based on the Secure Electronic Transaction (SET) protocol from VISA and MasterCard. Further progress has also been achieved in the area of electronic cheques, electronic cash, and micro-payment with stored-value smartcards.

In addition, the range of Internet-related products on offer has started to provide for the integration of the existing systems of the service providers. Some manufacturers are proposing architectures for building applications integrating back-office systems, and for using multiple means of payments. At the government level, several proposals are progressing on the legal aspects of electronic commerce, an example of which is the recently released proposal from the US government “A Framework for Global Electronic Commerce”.

In spite of these initiatives, apart from SEMPER in Europe and CommerceNet in the USA, all other technical projects deal only with specific aspects of secure electronic commerce. There is no generally accepted model and architecture for building the secure marketplace. As a result, security requirements are not well formulated. Due to their proprietary architecture most electronic commerce systems are closed and are, therefore, not aimed at achieving the objective of interoperability among systems. The relationship between the server and the client is often considered solely from a master-slave perspective, which disregards the applicability of the proposed protocols for the potentially large number of “any-to-any” relationships among the users of electronic commerce. The general focus is primarily on on-line payment in the context of the scenario “offer, order, payment, and delivery”. The establishment of registration, certification, and key distribution infrastructures, although essential for building trust, is progressing slowly.

Issues of primary importance with regard to trust receive insufficient attention, if any. They include a trusted user interface, fair exchanges among the parties, non-repudiation, two- and multi-party contract signing, anonymity, privacy, multi-party security, and the resolution of disputes. This, in spite of the fact that the existing variety of laws in force in different countries and the change of business practices and actors dramatically increase the complexity of resolving disputes in the electronic environment. These issues are not regarded as part of a single framework that would ensure interoperability.

1.4 SEMPER objectives

In contrast, from the standpoint of security, the *SEMPER* project aims at addressing the complete problem of electronic commerce over insecure networks, such as the Internet. Its main goal consists of developing an open and comprehensive security framework which can be regarded as a blue-print, a lingua franca, for building the secure marketplace.

To achieve its objective, the project is collecting legal, commercial, social, and technical requirements relevant to electronic commerce. It is preparing a legally sound and secure basis for cross-border electronic commerce. It is developing a model of the electronic marketplace, and an open, generic, security architecture, independent of specific hardware, software, and networks. The security architecture is intended to support any business application of electronic commerce which can be

expressed as a series of exchanges. It should be able to support plug-ins of new components, for example, new payment protocols, new applications, etc.

Within its proposed architecture, *SEMPER* is developing a tool kit of basic and advanced security services. Basic security services are defined as those necessary to support the basic scenario "offer, order, payment, and delivery". Advanced services are those relevant to notary services (e.g. contract signing, certified mail, time stamping) to achieve fairness among the parties, multi-party security, anonymity, credentials, and the on-line resolution of disputes. As a proof of concept, the project is implementing a software prototype of its architecture and security services. The prototype will be tested in field trials with several different service providers, including small and medium-size enterprises, in France, Germany, Greece, the Netherlands, and Spain. Three series of field trials are planned: two providing basic security services — one internally with the three service providers which are members of the *SEMPER* project, and one external trial with enterprises which are not members of the project —, and a third series of field trial offering advanced services.

The specifications of the architecture and the services, including application programming interfaces are being published, and information on the project results is being disseminated to the technical and scientific community, to standardization committees, and to the general public. In respect of timing the *SEMPER* research and development has been structured in two main phases: a) the definition of the initial architecture and the development of basic services, and b) the extensions to the architecture required for integrating advanced services, and the development of these advanced services.

The *SEMPER*[2] project is part of the Advanced Communication Technologies and Services (ACTS) Research and Development programme proposed by the European Commission, Directorate General XIII. *SEMPER* was initiated in September 1995 for three years. It is financed in part by the European Commission and in part by its twenty European members: Commerzbank (D), Cryptomathic (DK), CWI Stichting Mathematisch Centrum (NL), DigiCash (NL), Eurocom Expertise (GR), Europay International (B), Fogra Forschungsgesellschaft Druck (D), France-Télécom - CNET (F), GMD Forschungsgesellschaft Informationstechnik mbH (D), IBM (CH, F), Intracom (GR), KPN Research (NL), MARIS (NL), Otto Versand (D), r3 security engineering (CH), SINTEF Telecom and Informatics (N), and the Universities of Freiburg (D), Hildesheim (D), Dortmund (D), and Saarbrücken (D). The project is managed by IBM France, and technical leadership is provided by the IBM Research Laboratory in Zurich.

2. The *SEMPER* approach

2.1 Fundamental directions

When building a security architecture for the electronic marketplace an initial requirement is to model that marketplace and identify all its players, in respect of the roles, the relationships and the interactions they have with each other. As no model is generally accepted, *SEMPER* has proposed its own. The *SEMPER* model distinguishes two classes of players: users of the marketplace and enabling third parties. Buyers and sellers form the first class, while the second is comprised of registration and certification authorities (to deliver digital certificates), network providers, directory service providers, brokers, shopping malls, payment service providers, and, to ensure fairness, notaries and arbitrators. The model assumes that the players conduct business through a sequence of elementary transfers and exchanges of information. In *SEMPER* terminology, "transfer" and "exchange" are not interchangeable terms. In a transfer, a party send information to one or more parties. An exchange among parties provides the assurance that each party receives what was agreed in advance would be sent. Delivery against payment is an example of exchange.

The second requirement is to approach the global electronic marketplace with an open security architecture. The provision of proprietary protocols, not promoted to the level of open standards, is inherently unable to achieve universal interoperability between the many players in electronic commerce, not to mention the high complexity and costs incurred by maintaining this variety of different protocols, especially for financial institutions, sellers, and buyers. Until the Internet, the Web, and their suite of open standards, such as TCP/IP and HTTP emerged, electronic commerce was inhibited. With the introduction of such standards, the issues of interoperability, complexity, and cost

[2] The SEMPER server is located at http://www.semper.org

have taken a giant step towards being resolved, and electronic commerce is now generating considerable impact on the way goods and services can be managed and sold. This path has proven itself over time. It is being followed by a number of serious standardization candidates, such as the SET protocol for payment using credit cards, the X.509 standard for certification, or the standards on cryptography like DES, RSA, etc. Several other standards will evolve to handle payment with electronic cheques, electronic money, etc. An open security architecture must make provisions for them, by providing application programming interfaces at two levels: at the component level to include new components to support existing and future protocols; and at the application level to provide applications with a standard set of security services that abstract the variety of protocols which achieve similar goals and leave the specific methods which are used up to users' preferences and negotiation. This is the approach followed by *SEMPER*.

The third requirement relates to the need to disseminate electronic commerce applications widely and promptly, while keeping development and maintenance efforts and costs as low as possible. This requirement is especially important as electronic commerce is just beginning to take off and its marketing strategies are still to be revealed, conditions which are likely to make the life cycle of applications fairly short. Portability can achieve this objective by ensuring that business applications, as well as their supporting security services, can run on any hardware and software platform, from environments as small as smartcards to large systems, and including medium-size computers, such as network computers. The Java approach fulfils this requirement by unifying dissimilar platforms and allowing them to run the same Java code. *SEMPER* has elected to develop its security architecture and services, based on the Java environment.

A comprehensive model of the electronic marketplace and the guarantee of openness and portability establish a sound basis for any security architecture applicable to electronic commerce. With regard to the *SEMPER* architecture, two additional key points need to be considered before discussing the SEMPER approach in more detail: they are the security protocols for communication and the trust models.

In respect of the communication protocols, it is clear that security needs to be provided end-to-end, from application to application. There are two ways to achieve end-to-end security: at the transport level, or at the application level. Secure communication at the transport level means offering a secure channel for applications to communicate. The Secure Socket Layer (SSL) protocol is an example of a secure channel. This approach ensures the confidentiality of the messages exchanged by the applications, for example the amount of a payment, a credit card number and its expiration date. It also allows the authentification of the users of these applications through an exchange of their certificates, or other means, such as passwords, or tokens. But, by definition, a secure channel is transparent to applications. It is, therefore, unable to provide document-level security, which is a key requirement for electronic commerce. For example, a secure channel cannot provide consumers with a means to sign an order, nor can it help the merchant to verify signed orders and store them securely in case of dispute. *SEMPER* proposes application-level security protocols, which co-exist during a business session with other application-level protocols, such as the HTTP protocol. Secure information exchanges in *SEMPER* are based on the concept of a container which is a package of the different elements of information to be transferred and is associated with security attributes. Three types of elements are defined: signed documents, such as certificates, receipts or signed statements; information, such as digital goods or information to access a service; and, payment. Containers can be structured according to a template to define the semantics of the data exchanged.

Security implies a clear identification of the domain of trust, i.e. the functions and the organizations that can be trusted to perform as the users of the service expect them to. Trust may be confined to a single domain, e.g. a central system which users rely on to perform all their critical operations such as ordering, paying, securing receipts, etc. This approach may be applicable to a closed environment, but for open electronic commerce, it is highly preferable that the users themselves identify which components of their system can be trusted, and that trust in other parties be reduced to a minimum. Indeed, an open security architecture like that of *SEMPER*, must offer users the ability to select components from the manufacturers of their choice, and to associate a certain level of trust with these chosen components.

2.2 The SEMPER Architecture

The *SEMPER* architecture follows a layered structure comprising four layers. The upper layer offers the *SEMPER* security services to business applications. From top to bottom, this is supported by the Commerce Layer, the Exchange Layer, the Transfer Layer, and the Supporting Services Layer. Figure 1 below illustrates this structure.

Business applications use the services of the underlying layers, principally by means of the Commerce Layer. In a few cases, for reasons of efficiency, business applications can have direct access to a limited set of functions of the other layers. For example, a user registration application can directly use the certificate service located in the Transfer Layer.

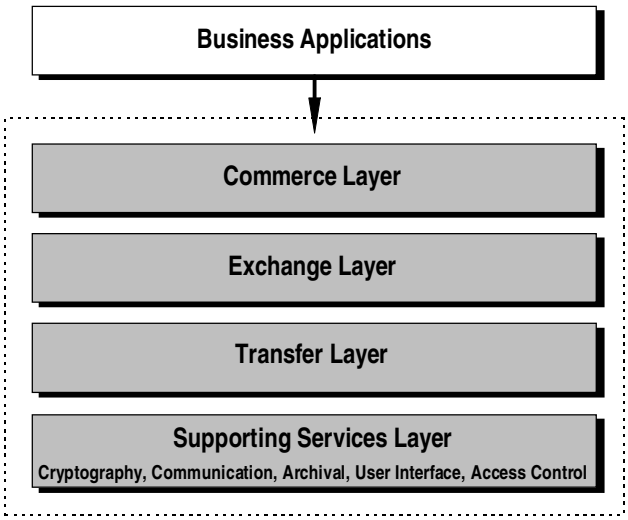

Figure 1 - *SEMPER* architecture - a layered functional structure

The Commerce Layer offers services that directly implement the protocols of business sessions, e.g., how specific service providers implement offering, ordering, signing, payment, etc. The Commerce Layer also offers application designers a business application framework, i.e. a set of building blocks for general use, in order to reduce the effort of developing business applications.

The Exchange Layer is in charge of controlling fair exchanges among the parties. Here fair means that the parties agree on the terms of the exchange before hand, and that they are assured that they will receive information according to the agreement.

The Transfer Layer provides services for transmitting and receiving information in the form of containers. Transfer of containers depends on associated security attributes. For example, a container associated with non-repudiation of origin requires that the sending entity signs the contents of the container and that the receiving entity verifies the signature and marks the contents of the container as received with non-repudiation of origin. The Transfer Layer processes the different types of information to be sent or received through containers: signed documents, information, and payments. They are handled by the certificate, statement, and payment blocks, respectively. Containers passed by the Exchange Layer for transfer are opened, and each type of information contained in them is directed to the corresponding block for specific transfer through the appropriate protocol. The receiving entity of the Transfer Layer reassembles the various pieces received to rebuild the container and passes it back to the Exchange Layer. For example, a container with a document and a payment will be transferred through the statement and the payment blocks. If the selected payment method is the SET protocol, the payment block will perform the payment according to the SET protocol. Finally, the Transfer Layer provides management of the transfer services like wallet management, establishment or termination of connections, etc.

The bottom layer, the Supporting Services Layer, provides support to all other layers. It collectively offers cryptographic services, communication services, archiving services, preferences services, the trusted user interface, and access control services. The cryptographic services provide for encryption,

hashing, digital signature, and key generation. The communication services shield users from the specific details of the underlying network. Only the quality of service parameters needs to be specified. The archiving services provide for secure storage and archiving of persistent information, such as certificates, signed documents, cryptographic keys, and transaction records. The preferences services offer a uniform view of the preference setting for each of the other services. They also maintain information regarding the installed configuration. The trusted user interface provides users with any critical data and actions that, otherwise, would be left to HTML pages supplied by third parties. In this way, the trusted user interface minimizes the trust required in other parties. The trusted user interface permits users to manage their wallets, to access secure storage, to display critical information from other parties, such as authentication, quotes or certificates, and to take actions like signing orders, paying, or acknowledging receipt. Analogous to an operating system, *SEMPER* proposes a system kernel which is in charge of ensuring system integrity. Within the kernel (the bottom three layers), access control verifies the rights of all modules (including application modules) to access, use, and modify critical resources. This protects them against potential threats from each other and from outside sources.

As already mentioned, the *SEMPER* architecture is open in that different designs and implementations may be integrated, provided they have a suitable API. This is achieved by means of the concept of a service block. A service block consists of a manager and a number of modules. The manager provides the required services using one of the modules (e.g., the payment block will use existing payment systems as modules). The manager provides a generic interface, such that several modules (possibly through an adapter) can be plugged into *SEMPER*. This is the basis for the independence of specific implementations of the modules — one of the key points of *SEMPER*.

2.3 SEMPER services

Within its architecture, *SEMPER* specifies a number of security services. The development plan of these services is structured into basic services and advanced services. Basic services meet five basic security requirements: authentication, integrity, signature, payment, and confidentiality. Advanced services address fair exchange of values, resolution of disputes and aspects of secure document processing, such as time-stamping, certification of documents, credentials, certified mail, or multi-party contract signing. They also handle anonymity issues and the integration of new payment instruments, such as electronic cheques, and stored-value smartcards.

As basic services are generally understood, they are not discussed further here. Rather, a brief overview of some aspects of the advanced services that SEMPER is currently developing is preferred. These aspects are fair exchange, credentials, and anonymity.

Fair exchange was discussed briefly in the previous section. It assumes a prior agreement among the parties before proceeding to the exchange. More precisely, a fair exchange is achieved if two conditions are met: atomicity and fairness, or transfer and contents. Atomicity means that all agreed transfers of information are performed, or none are performed. Fairness means that the parties actually receive what they agreed to receive. Fairness requires that the parties specify what they expect from the exchange. Upon receipt, each party verifies that what they received matches their specified expectation. Usually fair exchange is implemented using one or more third parties. In this case, the third parties must be specified in advance (e.g., as part of the contract which specifies the exchange), and for most security requirements at least one (or “all,” or “the majority of all,” etc.) must be assumed to be honest. The required trust in third parties is an additional parameter of the security attributes of the exchange. The protocols which have currently been designed are based on an optimistic approach: after a mutual agreement among the exchanging parties and a third party for recovery, the exchanging parties send their information. If a fault occurs, the exchanging parties may complain to the designated third party which will restore fairness. The restoration of fairness depends on the items exchanged, e.g., undoing a payment, or creating affidavits. Only when such an optimistic approach is not possible, will the third party be actively involved in the exchange protocols.

Credentials are electronic tokens which associate certain rights with their owner. Tickets, ski passes, membership cards, business cards, passports, diplomas, property deeds and prescriptions are examples of credentials. A credential identifies its owner and his or her associated rights, its issuer , its period of validity, and proof of its authenticity. Credentials may be dynamic if use modifies their associated rights. A one-way bus ticket is a dynamic credential: its use makes it invalid for re-use. Credentials may be anonymous in order to protect the privacy of their owner. In this case, they are delivered by means of

validated pseudonyms. A pseudonym is delivered by a third party, based on certificates, or previously issued pseudonyms. Depending on how much a user trusts the issuer of the pseudonym, the credential may or may not conceal the identification of the issuer of the pseudonym. Credentials require new types of third parties: issuers of pseudonyms and issuers of credentials. In addition, a third party to provide secure time-stamps, and one to provide for the clearing of credentials among the different organisations accepting them may also be needed.

Anonymity in electronic commerce relates to two areas: services specially designed to prevent the users' identity being revealed by the information exchanged between clients and service providers; and communications to provide anonymous channels. Depending on efficiency, privileges and the choice of anonymous channels, different levels of anonymity can be obtained. Anonymity in *SEMPER* means extending the security architecture to support anonymity, both at the services and communication levels, while allowing the selection of different degrees of anonymity according to the context in which the anonymous requests are made. It also means appropriate extensions to the security services, and creating new building blocks to support anonymous credentials and anonymous channels. An in-depth study conducted on anonymity in *SEMPER* has identified both the architectural and service extensions required, as well as the new blocks needed to support it.

3. The *SEMPER* trials

The purpose of the trials is to evaluate the applicability and the soundness of the security architecture and services proposed by *SEMPER*. The trials are based on the *SEMPER* software prototype which implements the architecture and the security services. They are being conducted in various business contexts, those of the service providers which are members of the project, and those of other service providers cooperating with the project. They involve consumers, merchants, and financial services and are designed to collect feedback on usability, costs, accounting statistics, performance, and security. Their evaluation includes interviews of the trial users regarding quality and acceptability criteria. Of the series of trials to be performed, only the trials related to the basic services of *SEMPER* are discussed here. The trials for advanced services are currently being defined.

3.1 SEMPER trial sites

Currently, the *SEMPER* prototype is providing three business sites with basic security services. The Eurocom site, located in Athens (GR), offers distance learning services. Students browse through the Eurocom offering of courses, and after successful on-line registration and payment, they can gain on-line access to the selected course presentation, notes, and examinations. With the Fogra site, located in Munich (D), Fogra customers benefit from on-line ordering, payment, and on-line delivery of documents and software. Customers browse through the Fogra catalog, select documents, place orders, and receive the documents. From Hamburg (D), the Otto Versand site offers on-line ordering, based on a catalog of 13.000 different articles in a variety of colours and sizes. Customers can check the availability and the shipping time of the articles of their choice. After placing an order, they get a digitally signed confirmation which is stored in the *SEMPER* archive. Then, payment and delivery are handled in a traditional way.

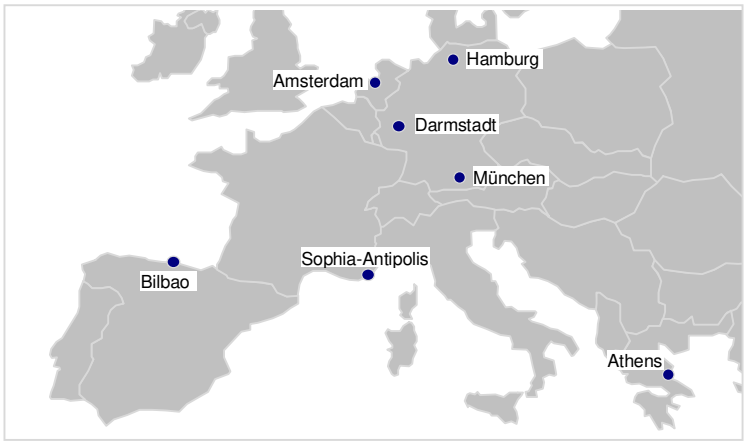

Figure 2 - *SEMPER* trial sites

Selected customers of Eurocom, Fogra, and Otto Versand are participating in the trial. They are registered through the GMD, located in Darmstadt (D). The GMD plays the role of the registration and certification authority for the purpose of the trial. Once registered, they can download the *SEMPER* client software, install it on their platform, generate their keys and obtain their key certificates for authentication and digital signature purposes from the GMD. Currently, on-line payments do not convey real money, as no real bank is connected yet. Real on-line payments by credit cards, based on the IBM implementation of the SET protocol and supported by Europay and Commerzbank, are planned for the end of the year.

Additional trials sites are under construction. They will also be supported by the *SEMPER* basic security services, including on-line real payment, mostly by credit cards based on the SET protocol. These sites will be opened by the end of the year. The OPL site, located in Amsterdam (NL), will offer books, maps, documents, and data base access for the oil and gas industry. On-line payments using credit cards and stored-value smartcards are planned. The Viajes Eroski site will run an automatic travel agency in Bilbao (SP). On-line payment will be by credit cards. The last three sites are located in Sophia Antipolis (F). Using the broadband network satellite, Acri will project images, processed and marked up with simulation results, e.g. the evolution of a polluted area, forest fires, etc. Payment has not been considered at this stage. The second site will be a shopping mall operated by Cicom. Actimedia, which currently sells CD-ROMs in France and abroad, will be the first shop to open. Payments will be made by credit cards. Gecap will experiment secure transfer of files in the context of software localisation. No payment are considered.

3.2 Initial feedback

With the introduction of the field trials, the confrontation of the *SEMPER* security technology with the real world has started to bring useful information to the project.

On the whole, the security architecture posed no problem for implementing the trials. It proved to be an appropriate basis for establishing automatic shops on the Internet. Actually, the architectural directions proposed by *SEMPER* have been confirmed by the emergence of products for electronic commerce which follow similar lines.

Initial feedback from users indicates that the *SEMPER* operations are quite practical. Explicit confirmations at the trusted user interface makes users feel comfortable in the sense that they are in control. However, security technology is still a difficult and complex topic for users. The significant gap of knowledge between the security experts proposing the technology and the users willing to take part in electronic commerce requires user interfaces which are simple and easier to understand, as well as careful education and training to help users behave safely in the new marketplace.

As expected, the integration of security with real businesses has yielded a more accurate understanding of the requirements on the Commerce Layer and the trusted user interfaces. As a result, the *SEMPER* Business Application Framework will be enhanced to significantly ease the integration of security services with applications. With the Business Application Framework, customization should only be required for the most frequent applications. The information entered by users, or displayed on the trusted user interface, is also being revised in order to provide users with a better understanding of the status of their transaction, its history, and the meaning of the information displayed. The structure of the potential fields required in the electronic order form needed enhancement. Some fields were missing, in particular those required to handle cross-border electronic commerce: the applicable law, the identification of the type of customer (an enterprise, or an individual) and the VAT reference. The latter two are required to comply with VAT regulations. Obviously, this information should be extracted from the customer certificate.

Cooperation with service providers external to the project, especially small and medium-size enterprises, has shown that their knowledge of electronic commerce is generally limited to payment for the service they propose. In general, they do not understand the difficulty of integrating their Web sites with their existing systems and databases, nor are they aware of the security threats and counter-measures required in order to conduct electronic commerce safely. Banks are much more aware of the risks inherent to the Internet. They are very cautious and concerned about making payment handling secure and legally sound. However, the integration of electronic payment instruments with the existing financial processes, and the extension of transaction acquisitions beyond the national boundaries of the banks have proved to be major difficulties.

4. The SEMPER agreements

Signatures represent the cornerstone of commerce, whether traditional or electronic, because they make the signatories liable for fulfilling the terms of the contracts, offers, quotes, orders, payments, receipts, etc. which have been signed. Therefore, for participants to be willing to participate in electronic commerce on a routine basis it is imperative that they can also rely on a recognized equivalent of paper-based signatures, i.e. digital signatures. The development of the trusted certification services which support digital signatures is of particular importance.

Substantial work on digital signatures has already been achieved. For example, the model law of the United Nations Commission on International Trade Law (UNCITRAL) provides for the acceptability of international electronic contracts and digital signatures, for legal and commercial purposes. The German Signature Act recognizes the legal bindingness of digital signatures, provided they rely on tamper-resistant secure hardware. Other countries might follow the German approach, or legislate differently. If the latter occurs, uncertainty about the validity of digital signatures will increase. In either case, implementing these regulations, providing users of electronic commerce with appropriate means, and giving them sufficient confidence to use and accept digital signatures will take significant time.

In order to remove uncertainty in this area, and allow a quick and soft start of mass electronic commerce, SEMPER proposes a series of agreements that establish a set of rules for each role: buyer, seller, bank, certification authority, etc. Users playing this role can commit to abide by these rules. Signatories of the *SEMPER* agreements have a common legal basis protecting them from unforeseen risks. They can safely conduct business among themselves.

The concept of *SEMPER* agreements does not require a priori contacts among the signle players making business, nor does it mandates contracts between pairs of roles. The agreement is signed on paper with a third party. It establishes in advance the liability of the parties regarding the future transactions which they might want to conduct. Buyers are bound to their own digital signature, thereby taking some liability for the damage if their signature key was compromised. Within the limits established for a buyer's overall liability, per transaction liability may also be established. Within the scope of the agreement, the third party maintains the buyer's current liability status and, according to the transactions conducted, it guarantees to the sellers, by means of certificates delivered on a per transaction basis, that the buyer has not exceeded his or her agreed current liability, and that the buyer's signature key has not been revoked. This scheme can easily be extended to ensure anonymity.

In addition, the agreements provide for explicit rules regarding the validity period of contracts, the choice of applicable law, the conditions of sale. They regulate offers, advertising, revocation of orders. They promote awareness on the business processes used to provide fair applications, and on the need to carefully handle signature keys, signing and revocation procedures, etc.

Independent of the payment method used, the agreement gives buyers the opportunity to benefit from the offers available on the Internet, and, at the same time, protects them against unacceptably high damages, in spite of the fact that they may be using insecure hardware. It gives merchants and service providers the opportunity to increase their market share on the Internet, while being assured that their customers can be held liable for their signed orders. Hence, it encourages sellers to offer their goods and services over the Internet, and buyers to implement transactions with limited financial risk, thereby enabling a practical and quick start to secure electronic commerce.

Conclusion

The emerging global electronic marketplace urgently needs a security framework that can encompass the full set of security services required today and in the future. The *SEMPER* project is working towards achieving these goals. This paper has reviewed the objectives of the project, its approach, its proposed architecture and security services, and a proposal for an agreement which aims to facilitate bringing sellers and buyers to the Internet to conduct business together.

With its comprehensive and consistent approach to the secure electronic marketplace, the *SEMPER* project is positioned to contribute substantially to making the vision of global electronic commerce a reality.

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