

# *Business Rules for E-Commerce:*

## *Interoperability and Conflict Handling*

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# *Overview*

- Intro & Background
  - Overall mission, technical approach, industry trends
  - EECOMS project (NIST ATP) on inter-enterprise supply chain integration
- Core Technology: CommonRules prototype based on logic program KR
  - Innovative conflict handling, procedural attachments; sample engine
  - XML Interlingua between heterogeneous rule systems; standards play
- Applications: represent business processes/workflow, policies, products
  - Contracts/agreements, negotiation esp. B2B, security authorization
  - EECOMS supply chain scenarios, Net.Commerce-type B2C scenario
- Directions
  - External alpha release in about 7/99 of core technology
  - Explore more applications

# *Vision overall*

- Vision: Rules as an important aspect of coming world of Internet e-business:  
rule-based business processes for both B2B and B2C.
  - represent buyer's requests, interests, bids
  - represent seller's offerings of products & services, capabilities, bids; map offerings from multiple suppliers to common catalog.
  - represent business processes, e.g., sales help, customer help, procurement, authorization, brokering, workflow.
  - automatic execution; matchmaking of buyers with sellers
  - high level of conceptual abstraction, easier understanding and specification by non-programmers

# *Rules: Fundamental Technical Approach*

- Aim to enable: exchange & update business rules, dynamically.
- Context: key application logic is represented via rules, in many systems. E.g.,
  - rules about terms & conditions associated with a product or service in Internet purchasing.
  - exchange among multiple supply chain players:
    - price vs. quantity vs. delivery date
    - when and how to order or return items, that impact planning.

# *Rules: Fundamental Technical Approach (continued)*

- Declarative approach: provide semantics that is clean and deep.
- Facilitate specification of a given rule set:
  - by multiple authors, cross-enterprise, cross-application
  - by non-technical authors
    - dynamically
    - with abstraction level more easily human-understandable
- Enable conflict handling in multiple rule systems.
- Interoperate between multiple rule systems via common-core interlingua: inter-agent standards in XML.

# *Applications of Rules*

## *Our Work to-date: Overview*

- Can view generally in terms of business processes, including workflow.
  - rules are good to capture if-then conditionality esp. involving chaining.
- Storefront/catalog-based services: initially, B2C personalization/promotions.
  - \*Contracts/agreements.
  - represent products or services, or service terms & conditions of product.
  - executable specification
  - partially-specified / template, during process of negotiation.
- \*Negotiation, esp. B2B:
  - represent contents of proposals, counter-proposals, RFQ's, RFP's.
  - configure auction mechanisms based on contract templates.
- \*Security authorization policies: including delegation, certificates.
  - often, are really a part of overall business policy, at application-level.
- \* = in EECOMS inter-enterprise supply chain scenarios. EECOMS is a \$29Million 3-year NIST ATP consortium effort led by IBM.

# *Applications of Rules: earlier work on Agent Building Environment*

- Can view generally in terms of business processes, including workflow.
  - rules are good to capture if-then conditionality esp. involving chaining.
- Embeddable technology for building rule-based intelligent agent capabilities into applications.
- Class of applications: filtering and routing of info items
  - mail, news, Lotus Notes documents
  - customer service / help desk
  - workflow in manufacturing: design changes, plant floor alerts

# *EECOMS Example of Conflicting Rules*

- Vendor's rules that prescribe how buyer must place or modify an order:
  - A) 14 days ahead if the buyer is a qualified customer.
  - B) 30 days ahead if the ordered item is a minor part.
  - C) 2 days ahead if the ordered item's item-type is backlogged at the vendor, the order is a modification to reduce the quantity of the item, and the buyer is a qualified customer.
- Suppose more than one of the above applies to the current order? **Conflict!**
- Helpful Approach: **precedence** between the rules. Often only *partial* order of precedence is justified. E.g., C > A.

# Courteous LP's Example

- <leadTimeRule1> orderModificationNotice(?Order,14days)
  - $\leftarrow$  preferredCustomerOf(?Buyer,?Seller)  $\wedge$  purchaseOrder(?Order,?Buyer,?Seller).
- <leadTimeRule2> orderModificationNotice(?Order,30days)
  - $\leftarrow$  minorPart(?Buyer,?Seller,?Order)  $\wedge$  purchaseOrder(?Order,?Buyer,?Seller).
- <leadTimeRule3> orderModificationNotice(?Order,2days)
  - $\leftarrow$  preferredCustomerOf(?Buyer,?Seller)  $\wedge$  orderModificationType(?Order,reduce)  $\wedge$  orderItemIsInBacklog(?Order)  $\wedge$  purchaseOrder(?Order,?Buyer,?Seller).
- overrides(leadTimeRule3 , leadTimeRule1).
- $\perp \leftarrow$  orderModificationNotice(?Order,?Y); GIVEN ?X  $\neq$  ?Y.
- orderModificationNotice(?Order,?Y); GIVEN ?X  $\neq$  ?Y.

# *XML Interlingua for Example*

```
<clp>
...
<erule rulelabel="leadTimeRule1">
<head>
<cliteral predicate="orderModificationNotice">
<variable name="?Order"/>
<function name="days14"/>
</cliteral>
</head>
<body>
<and>
<fcliteral predicate="preferredCustomerOf">
<variable name="?Buyer"/>
<variable name=".Seller"/>
</fcliteral>
<fcliteral predicate="purchaseOrder">
<variable name="?Order"/>
<variable name="?Buyer"/>
<variable name=".Seller"/>
</fcliteral>
</and>
</body>
</erule>
...
</clp>
```

# *CommonRules Example: bookstore Web storefront*

- B2C personalized promotions:
  - discounting
  - showing targeted ads with incentives
- Rules & facts from:
  - marketing managers: with updates & merges
    - priorities from recency, authority, specificity
  - data mining
  - DB
  - dynamic Web session data

# *INSERT Bookstore Web E-Storefront*

## *App Example SLIDES*

- Running example in CommonRules: includes about 60 rules and facts.
- See IBM Research Report RC 21473 “DIPLOMAT...Demonstration”
- Alternatively, see file bookstoreExampleUnified10-30-98.txt .

# *CommonRules technology*

## *Overview*

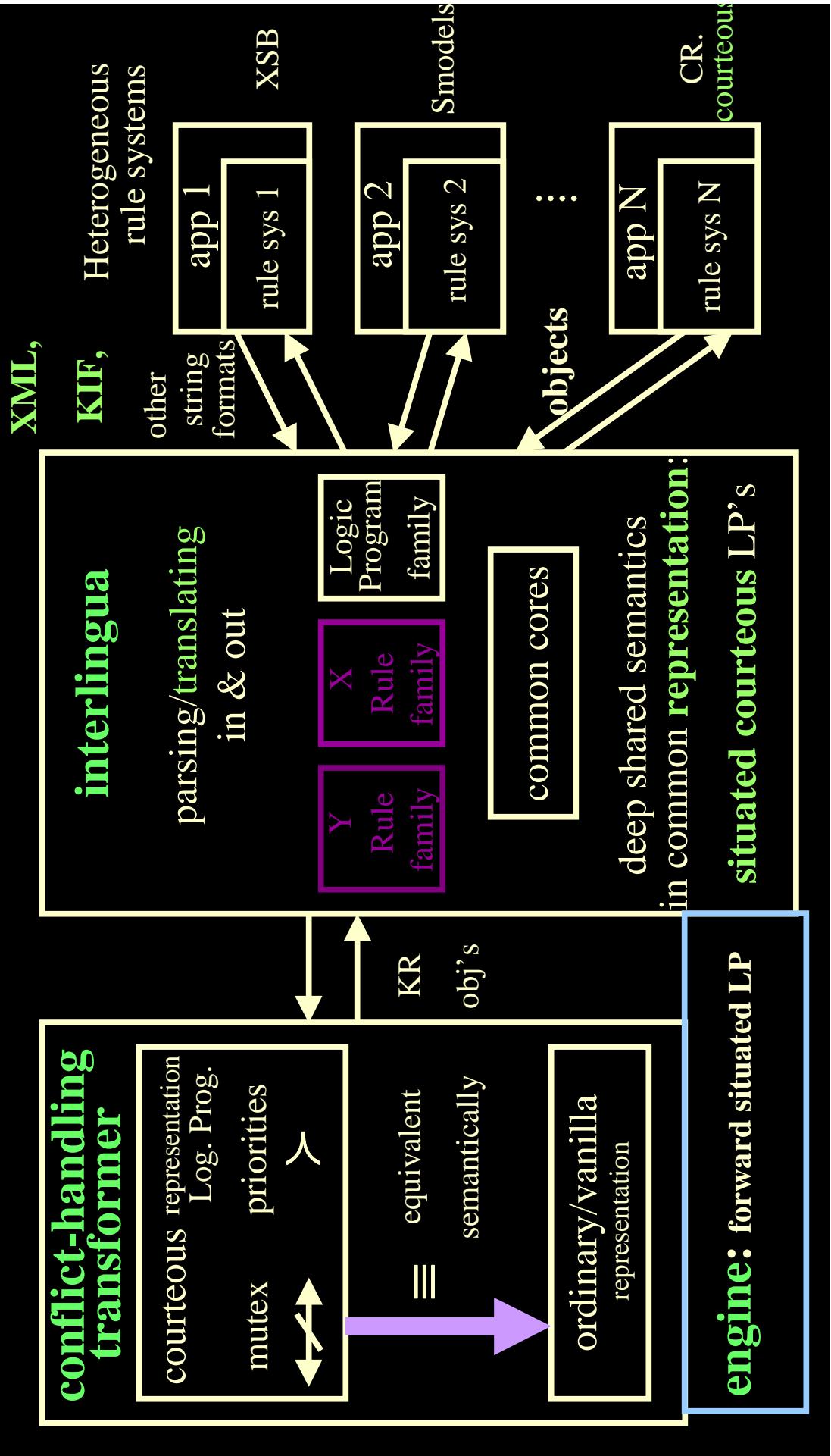
- Java library, V1 prototype running.
  - plan external alpha release 7/30/99 on AlphaWorks  
<http://alphaworks.ibm.com>
  - piloting in EECOMS \$29Million NIST ATP project  
(IBM, Baan, Boeing, universities, other co.'s)
- Basic rule representation: Logic programs (LP's).
  - LP's in declarative sense, not Prolog. E.g., forward or backward chaining.
  - representation = syntax + deep semantics.
    - semantics of rule set = its set of valid conclusions.

# *CommonRules technology*

## *overview (continued)*

- Extends rule representation to:
  - Courteous LP's:
    - prioritized handling of **conflicts**, e.g., in updating/merging.
  - Situated (Courteous) LP's:
    - **procedural attachments** to invoke non-reasoning actions or queries, via methods external to inferencing engine.
  - Courteous Compiler from courteous LP's to ordinary LP's.
  - XML Interlingua and sample translators.
- interlingua = common rule representation for translation between heterogeneous rule systems. Suitable to become industry standard.
- Sample Inferencing/Execution Engine:
  - forward-chaining situated courteous LP's.

# *Current-version CommonRules*



# *Flavors of Rules Commercially Most Important in E-Business*

- E.g., in OO app's, DB's, workflows.

- Logic Programs (in pure knowledge-representation sense): e.g.,
  - Relational databases, SQL.
  - Prolog; Knowledge-based systems.
- Production rules (OPS5 heritage): e.g.,
  - Neuron Data rule-based Java objects.
  - IBM VisualBanker using (Haley).
- Event-Condition-Action rules (loose family), cf.:
  - business process automation / workflow tools.
  - active databases; publish-subscribe.

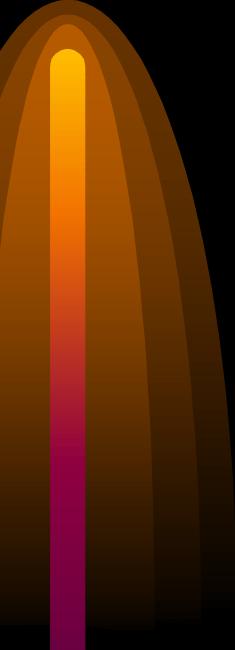
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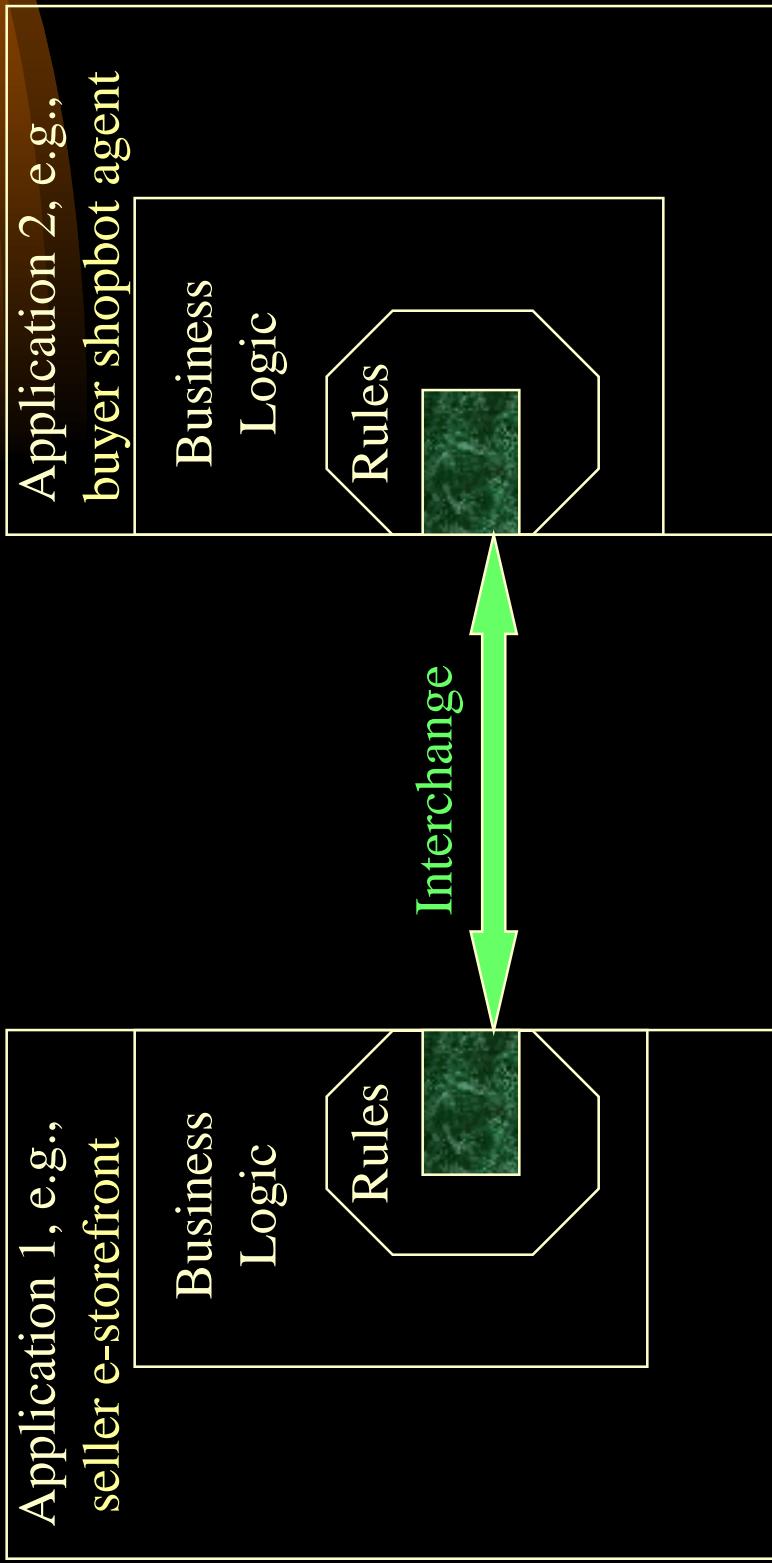
# *OUTLINE OF OPTIONALS SLIDES*

- Part 1: for Introductory section of talk
- Part 2: about EECOMS
- Part 3: more Technical Details, including logic programs, courteous, situated, applications, etc..

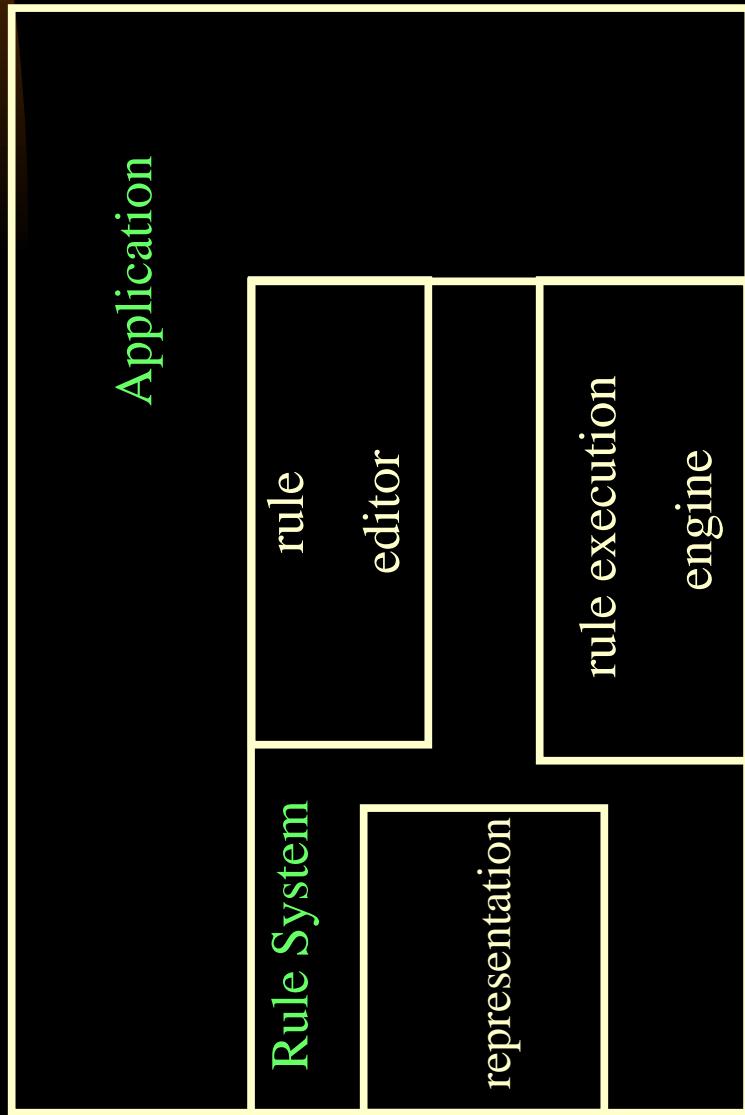
# *PART-I OPTIONALS FOLLOW: from INTRODUCTORY-section*



# *Rules across Applications*



# *Application Using Rules*



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# *Roles for Rules*

- 1st step: Rules as rigorous specification without execution.
- 2nd step (**our main focus**): Rules as executable specification.
  - Coarse-grain integration with rest of code. E.g.:
    - rules engine in wrapper, agent, workflow, database, extended transaction monitor, ....
- 3rd step: Fine-grain integration with rest of code. E.g.:
  - Object-oriented application development tool's rules feature.

# *Rules Authoring Approaches*

- Graphical.
- Natural Language (limited).
- Pre-defined templates and vocabulary.
  - domain/industry specific.
  - application/suite specific.

# *PART-2 OPTIONALS FOLLOW: about EECOMS*



# *EECOMS Supply Chain Project: Overview*

- EECOMS = Extended Enterprise Consortium for Integrated Collaborative Manufacturing Systems.
- IBM-led consortium, 50%-funded by US government's NIST Advanced Technology Program. \$29M over 3 years, ends 2001.
- Advanced supply chain management. Consortium includes manufacturing software vendors, rules and tool vendors, manufacturer customers.
- Business Focus: improve “**agility**” of manufacturing. Respond to common but unpredictable events such as late delivery, plant line breakdown, larger than expected order. React quickly, including modify plans, schedules. Integrate: typically multi-application, very often multi-enterprise.
- Technical Focus: **rules and conflict handling**; virtual situation room for human collaborative workflow; attendant tools, agents, and security issues.
- Is follow-on to CIIIMPLEX (IBM-led NIST ATP \$22M) & challenges it identified. Shares: consortium, scenarios, agent-based approach.

# *EECOMS Supply Chain Project: Our Role*

- Rules primarily:
  - application Scenarios with customers.
  - interlingua.
  - conflict handling.
  - for security authorization policies (trust management).
- Multiple, heterogeneous rule systems within consortium: from vendors, universities.

# *EECOMS: Participants*

- IBM is leader of consortium, via its Manufacturing ISU. Runs EECOMS Project Office, EECOMS Integration Center and Tools Dev..
- IBM org.'s involved: T.J. Watson Research, Supply Chain Optimization Prod. Dev., Supply Chain Manuf. Sol'ns, Synchronous Collaboration Tools and AD (Austin).
- Boeing military aircraft. A major manufacturer. Acts as customer.
- Berclain, part of Baan: major manufacturing / ERP software vendor.
- Universities as IBM sub-contractors: U. NC Charlotte, U. MD Baltimore, U. Florida. Contribute research-ily to all technical foci.
- Vitria, EnvisionIt, IndX, Scandura: (small) tools/specification vendors.
- TRW supply-chain consulting practice. Acts as customer(s).

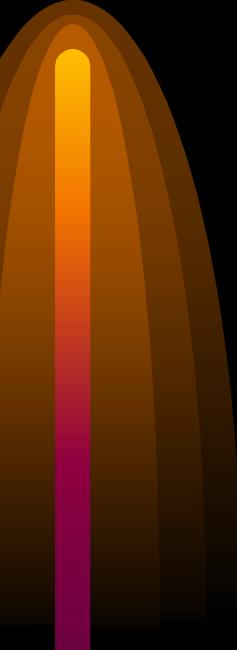
# *EECOMS: Main Collaborators*

- Prof.'s Tim Finin and Yannis Labrou of U. Maryland (Baltimore):
  - negotiation protocols between agents; FIPA standards for these
  - XML versions of FIPA and KIF draft standards
  - security authorization policies, delegation
- Prof.'s Bill Chu and Bob Wilhelm of U. N. Carolina (Charlotte)
  - constraint satisfaction and optimization in private negotiation decisions
  - integrating rule-based authorization policies into security services
- Prof.'s Stanley Su and Joachim Hammer of U. Florida (Gainesville)
  - negotiation architecture
  - Event-Condition-Action rule system
- Lynne Thieme of Vitria Technologies
  - business process automation and publish-subscribe
  - Event-Condition-Action rule system

# *ECCOMS: Virtual Situation Room*

- Human business process and workflow: for timely, agile response.
- **Distributed, inter-enterprise.**
- Leads:
  - Concept: Bill Tolone of UNC Charlotte (IBM sub-contractor)

# *PART-3 OPTIONALS FOLLOW: about more Technical Details*



# *Logic Programs as basic representation: Definition*

- A LP is a set of (premise) rules; semantically, it specifies a set of conclusions.
- Example rule:
- `sendPage(?msg,Joe) ← from(?msg,?s) ∧ urgent(?msg) ∧ caresAbout(Joe,?s).`
- where the “?” prefix indicates a logical variable.
- Generally, a rule has the form of      Head   IF   Body   :
- $$H \leftarrow B_1 \wedge \dots \wedge B_j \wedge \neg B_{j+1} \wedge \dots \wedge \neg B_m.$$
- where  $m \geq 0$ ;  $\wedge$  stands for logical “AND”;  $\leftarrow$  stands for logical “IF”; and  $H, B_1, \dots, B_m$  are each an atom with form: `Predicate(Term_1, ..., Term_k)`.
- A predicate = a relation. An atom semantically denotes a boolean.
- $\neg$  stands for negation-as-failure (a.k.a. weak negation, default negation).
  - The negation-as-failure construct is logically non-monotonic.
  - Intuitively,  $\neg p$  means  $p$ 's truth value is either *false* OR *unknown*.

# *Logic Programs: Definition (continued)*

- Each argument  $\text{Term}_1, \dots, \text{Term}_k$  is a term.
- A term is either a logical constant (e.g., “Joe”) OR a logical variable (e.g., “?msg”) OR a functional expression of the form:  
 $\text{LogicalFunction}(\text{Term}_1, \dots, \text{Term}_k)$
- A functional expression semantically essentially denotes a logical constant.
- A term, atom, or rule is called “ground” when it has no logical variables.
- A fact is a ground rule with empty body.
- A primitive conclusion has the form of a ground atom (compound conclusions are built up from these via logical operators such as AND etc.). Semantically, a rule or LP stands for the set of all its ground instances.
- Observe that a rule body can represent an expression in relational algebra cf. relational DB’s (e.g., SQL).

# *Logic Programs as basic representation: Advantages*

- Declarative: semantics is independent of inferencing procedure implementation, e.g., forward vs. backward chaining, sequencing of executing rules or conditions within rules.
- Expressive: relational expressions cf. SQL, large fragment of first-order logic, chaining, basic logical non-monotonicity (unlike first-order logic).
- Efficient: computationally tractable given two reasonable restrictions:
  - 1. Datalog = no logical functions of non-zero arity.
  - 2. Bounded number  $v$  of logical variables per rule.
  - $m = O(n^{v+1})$ , where  $n = \|LP\|$ ,  $m = \| \text{ground-instantiated } LP \|$ .
  - Inferencing time is  $O(m)$  for broad (acyclic) case,  $O(m^2)$  generally (for well-founded semantics).
  - By contrast, first-order-logic inferencing is NP-hard.

# *Logic Programs: Advantages (continued)*

- Widely deployed and familiar:
  - relational DB's, SQL
  - Prolog
    - intelligent agents and knowledge-based systems
      - e.g., IBM's Agent Building Environment
- Common core shared semantically by many rule systems: e.g.,
  - production rules, Event-Condition-Action rules, first-order-logic each overlap strongly with LP's.

# *Courteous LP's: the What*

- Updating/merging of rules sets: is crucial, often generates conflict.
- Courteous LP's feature prioritized handling of conflicts.
- Specify scope of conflict via a set of mutual exclusion constraints.
  - E.g.,  $\perp \leftarrow \text{discount}(\text{?product}, 5\%) \wedge \text{discount}(\text{?product}, 10\%)$ .
  - E.g.,  $\perp \leftarrow \text{loyalCustomer}(\text{?c}, \text{?s}) \wedge \text{premiereCustomer}(\text{?c}, \text{?s})$ .
  - Permit classical-negation of atoms:  $\neg p$  means p has truth value *false*
    - implicitly,  $\perp \leftarrow p \wedge \neg p$  for every atom p.
- Priorities between rules: partially-ordered.
  - Represent priorities via reserved predicate that compares rule labels:
    - overrides(rule1,rule2) means rule1 is higher-priority than rule2.
    - Each rule optionally has a rule label whose form is a logical constant.
    - overrides can be reasoned about, just like any other predicate.

# Courteous LP's Example (repeated)

- <leadTimeRule1> orderModificationNotice(?Order,14days)
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purchaseOrder(?Order,?Buyer,?Seller).
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orderModificationType(?Order,reduce)  $\wedge$   
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  - orderModificationNotice(?Order,?Y); GIVEN ?X  $\neq$  ?Y.

# *Priorities are available and useful*

- Priority information is naturally available and useful.  
E.g.,
  - recency: higher priority for more recent updates.
  - specificity: higher priority for more specific cases (e.g., exceptional cases, sub-cases, inheritance).
  - authority: higher priority for more authoritative sources (e.g., legal regulations, organizational imperatives).
  - reliability: higher priority for more reliable sources (e.g., security certificates obtained by delegation, assumptions, observational data).
  - closed world: lowest priority for catch-cases.
- Many practical rule systems employ priorities of some kind, often implicit, e.g.,
  - rule sequencing in Prolog and production rules.

# *Courteous LP's: Advantages*

- Facilitate updating and merging.
- Expressive: classical negation, mutual exclusions, partially-ordered prioritization, reasoning to infer prioritization.
- Guarantee consistent, unique set of conclusions.
  - **Mutual exclusion is enforced**. E.g., never conclude both  $p$  &  $\neg p$ .
- Efficient: low computational overhead beyond ordinary LP's.
  - Tractable given reasonable restrictions (Datalog, bound  $v$  on #var's/rule).
    - extra cost is equivalent to increasing  $v$  to  $(v+2)$  in ordinary LP's.
  - By contrast, more expressive prioritized rule representations (e.g., Prioritized Default Logic) add NP-hard overhead.

# *Situated LP's: Overview*

- Point of departure: LP's are pure-belief representation, but most practical rule systems want to invoke external procedures.
- Situated LP's feature a semantically-**clean** kind of **procedural attachments**. I.e., they hook beliefs to drive procedural API's outside the rule engine.
- Procedural attachments for **sensing** (queries) when testing an antecedent condition or for **effecting** (actions) upon concluding a consequent condition. Attached procedure is invoked when testing or concluding in inferencing.
- Sensor or effector **link** statement specifies an association from a predicate to a procedural call pattern, e.g., a method. A link is specified as part of the representation. I.e., a SLP is a conduct set that includes links as well as rules.

# Situated LP's: Overview (continued)

- `phoneNumberOfPredicate ::S:: BoeingBluePagesClass.getPhoneNumberMethod .  
ex. sensor link`
- `shouldSendPagePredicate ::e:: ATTPagerClass.goPageMethod .  
ex. effector link`
- Sensor procedure may require some arguments to be ground, i.e., bound; in general it has a specified binding-signature.
- Enable dynamic loading and remote loading of the attached procedures (exploit Java goodness).
- Overall: cleanly separate out the procedural semantics as a declarative extension of the pure-belief declarative semantics. Easily separate chaining from action.

# *Courteous Compiler*

- Transformer compiles a courteous LP into an ordinary LP.
- A radically innovative approach in rules representation.
- ‘Compiles away’ conflict, as modular add-on to rule system X’s
  - inferencing
  - specification
- Enables courteous features to be added to, or implemented in, a variety of rule systems.

# *Interlingua Concept*

- Challenge: heterogeneity of rule systems (within applications) to be integrated.
  - Each has own rule representation. N of them.
  - Representation = syntax + **Semantics**.
- Approach: translate via interlingua rep'n.
  - rep'n A  $\leftrightarrow$  interlingua  $\leftrightarrow$  rep'n B.
  - Advantage:  $O(N)$  translators instead of  $O(N^2)$ .
- \*Focus: commercially important rep'n families:
  - LP's, production (OPS5), Event-Condition-Action.
  - E.g., in OO app's, DB's, workflows.

# *Interlingua:* *Deep Shared Semantics at Core*

- Desire: deep semantics (model-theoretic) to
  - understand and execute **imported** rules.
- Possible only for shared expressive subsets: “cores”
  - Rest translated with superficial semantics.
- Desideratum: declarativeness of core / rep’n (in sense of knowledge representation theory).
- Maximize overall advantages of rules:
  - Non-programmers understand & modify.
  - Dynamically (run-time) modify.

# *Interlingua: Going Beyond KIF*

- Point of departure is KIF: Knowledge Interchange Format
  - Intent: general-knowledge interlingua.
  - Emerging standard, in ANSI committee.
  - Main focus: classical logic, esp. first-order.
  - Has major limitations remedied by our Interlingua:
    - logically monotonic; no conflict handling or priorities.
    - **pure-belief:** no procedural attachments.
- Our Interlingua uses situated courteous LP's rep'n.
  - Complements KIF. Overlaps on:
    - pure-belief rules without negation-as-failure.

# *Interlingua: current version*

- XML format  $\leftrightarrow$  Java objects  $\leftrightarrow$  text syntax for rule system X
- Sample translators to/fro KIF and 3 rule systems in LP family, initially with pure-belief semantics as courteous LP rep'n.
  - backward-direction: XSB (Stonybrook, commercializing).
  - forward-direction: Smodels (Helsinki, academic).
- CommonRules courteous LP text syntax:
  - courteous expressiveness: mutex's, priorities.

# *Interlingua: early standards engagements*

- FIPA = Foundation for Intelligent Physical Agents
  - Standards body: main industry locus of action since '96 for intelligent agents knowledge-interchange standards work, e.g., for Internet e-commerce negotiation between agents.
  - Current draft standard uses ANSI KIF to represent rules.
  - In collaboration with U. Maryland, we are driving XML version of KIF, in sync with our IBM rules interlingua and EECOMS.
  - In early discussions about going beyond KIF.
- ANSI KIF
  - We have long-running role in committee: non-monotonicity and conflict handling.

# *Sample Rule Engine:*

## *current version*

- Sample Inferencing/Execution Engine:
  - forward-chaining situated courteous LP's.
- Composes *courteous compiler* with engine for situated *ordinary* LP's.
- Intent is proof-of-concept for Interlingua, courteous compiler, situated techniques.
  - Not performance-tuned.
  - Lacks various features found in best-of-breed commercial rule systems.
    - Restricted to acyclic case (no predicate depends thru rules on itself).
- IBM is not in the rule-engine business, we will partner with commercial rule-system vendors to license their technology
  - ... which CommonRules complements and extends.

# *Contracts/Agreements*

- Use Interlingua to represent products or services, or service terms & conditions of product, e.g., in catalog or during negotiation.
  - E.g., business process to return an item for repair, or to deliver an order.
- Executable specification; situated / procedural attachments is esp. useful.
- Partially-specified / template, esp. during process of negotiation.
- Complement XML ontologies already evolving for various domains.
  - Ontology = formally-represented vocabulary / definitions
- Configure automated auction mechanisms, based on contract templates.
  - which goods, which attributes (e.g., price, delivery-date) are at issue.
- In collaboration with: EECOMS and
  - Prof. Mike Wellman and PhD student Dan Reeves of U. Michigan (Ann Arbor), as IBM-funded University Partnership project started 1/99.
    - Mike leads AuctionBot, a major existing automated Internet service.

# *Negotiation, esp. B2B*

- Use Interlingua to represent contents of:
  - Requests For Quotation or Proposal, i.e., statements of buyer interests, that initiate inter-enterprise negotiation.
  - responses to such RFQ's / RFP's by seller.
  - proposals and counter-proposals and “side information” exchanged during back-and-forth negotiation / bargaining between buyer and seller.
  - statements of seller/supplier capabilities/interests, e.g., important for source selection as well as bargaining.
- Configure auction mechanisms based on contract templates. (with U. Mich.)
  - In collaboration with U. Mich. and:
    - in EECOMS overall effort, negotiation is a main '99 focus of demos and scenarios.

# *Security Authorization Policies*

- Use rule-based executable specification of security authorization policies, a.k.a. trust management: including delegation, certificates.
  - We have the first step of an expressive extension of courteous LP's to handle delegation and certificates.
- Often, authorization policy is really a part of overall business policy, at application level. This contrasts with authentication.
- Advantages of rule-based approach, esp. from declarative semantics:
  - principled handling of negation and conflict.
  - provable guarantees of behavior of implementation.
  - more human-understandable and easy to modify.
  - easier integration with general business policy.

# *Security Authorization Policies* *(continued)*

- In collaboration with:
  - Joan Feigenbaum of ATT Research which has a leading effort on trust management, and her PhD student Ninghui Li of NYU.
  - EECOMS: as a main focus of EECOMS innovation in Security SIG (area of consortium).

# *Overall key Challenges identified*

- **Exchange & update business rules**, dynamically. E.g.,
  - compose an application from multiple components.
    - Net.Commerce-type B2C: marketing manager, data miner, ...
  - buy/sell or integrate between heterogeneous peer applications.
  - B2B inter-enterprise supply chain in manufacturing industry.
    - E.g., when and how to order or return items, that impact planning.
  - Internet purchasing: terms & conditions.
- **Facilitate specification**, dynamically, of a given rule set by
  - multiple authors.
    - e.g., cross-enterprise or cross-application.
  - non-technical/non-programmer authors.
    - make abstraction level more easily human-understandable.