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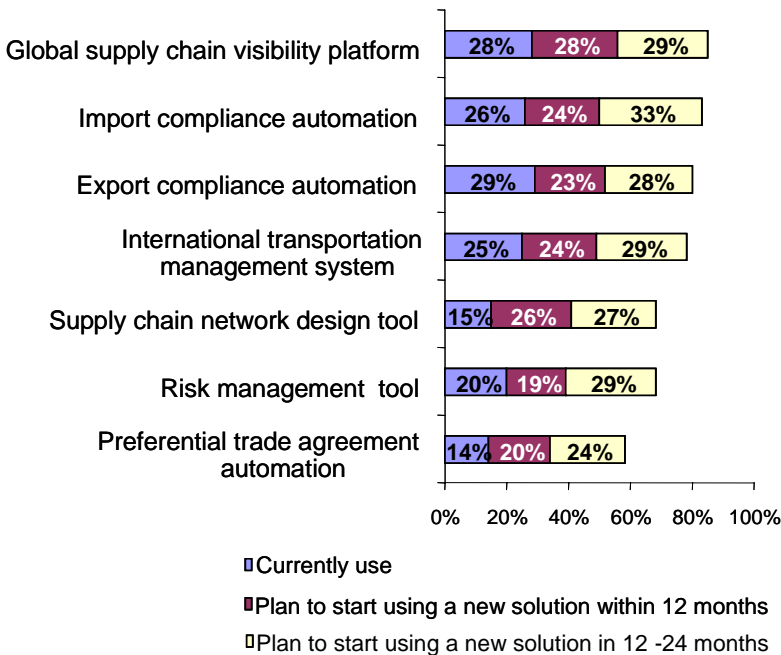
Global Trade Management Automation

This research brief is based on the findings from a recent (May 2007) survey of 214 industry professionals regarding their global trade management (GTM) capabilities and strategies in 2007.

Benefits and Adoption of the GTM Technology

Companies across industries are realizing that significant benefits can be achieved by implementing Best-in-Class¹ technologies. Participants of a recent research study (*Global Trade Management Strategies: Surviving Growing Complexities in 2007*) reported the following current and planned use of GTM technologies (Figure 1):

Figure 1: Current and Planned Use of GTM Technology



Source: Aberdeen Group, May 2007

¹ This refers to the technology usage trends exhibited by the Best-in-Class companies participating in the research survey. Best-in-Class, Average and Laggard companies are identified according to Aberdeen's standard research methodology, based on each respondent's performance in several selected metrics relevant to the topic being studied. In this study, Best-in-Class, Industry Average, and Laggard organizations were identified based on their ability to manage total landed costs while maintaining an adequate level of customer service.

- ⇒ Companies that currently have **import or export compliance automation** are *1.4 times as likely to have increased customs clearance speed.*
- ⇒ Companies that currently use a **supply chain network design tool** are *1.9 times as likely to have reduced total landed costs over the past 2 years.* Supply chain network design tools are vital for modeling what-if scenarios to make sound sourcing, distribution, and risk management decisions. Today, just 15% of all companies report using a network design tool.

In addition, multi-echelon inventory optimization tools help companies save millions of dollars in global inventory investments by helping them better understand where and how much inventory to hold across their own global network as well as their logistics and manufacturing partners.

Case in Point

The case study below describes a variety of technologies used by a company actively involved in international trade to successfully manage its export and import management and global trade compliance. This case study shows how a system of integrated and interconnected technology enablers provides a foundation for automated management of these processes and enhances their visibility and speed.

Symbol Technologies (Motorola) Uses Multiple Layers of Technologies to Drive Success of its Export/ Import Management and Trade Compliance

Symbol Technologies, Inc., a provider of bar code technology, wireless networks and wireless infrastructure solutions, was acquired by Motorola in January 2007 and has become part of Motorola's Enterprise Mobility offerings for the enterprise clients. Symbol Technologies has been able to achieve significant benefits by improving the processes and technologies for various aspects of its export/import management and international trade compliance. Over time, the company has introduced several layers of automation of these processes and now has the following systems in place:

System of record: SAP

Managing imports: Symbol Technologies uses a customized program within the SAP system to manage Harmonized Tariff Schedule (HTS) and Schedule B data linked to the SAP's material master. Purchasing agreements are executed with requirements including use of customs-friendly product descriptions on shipping labels and documents and bar-coded information for quicker and more secure receiving.

"Through the use of systems and processes, Symbol Technologies realized a net reduction of **3.5 FTEs** in the Trade Compliance Group. However, the effective reduction was greater because of increases in throughput volumes in subsequent years with no corresponding increase in employees",

Greg Futrelle,
Export Compliance

Symbol Technologies (Motorola) Uses Multiple Layers of Technologies to Drive Success of its Export/ Import Management and Trade Compliance

Managing exports: using a combination of the SAP GTS (Global Trade Services) module and customized programs within the SAP system to screen all sales orders and deliveries against multiple denied party lists (obtained via a subscription to a third-party Denial List Service), check each material for export license control and assignment, verify compliance with Embargo regulations and produce all export documents required for shipment (commercial invoice, SED, SLI, SSE, Wood Packaging certificates, bills of lading, etc.).

Foreign Trade Zone (FTZ): third-party software from Integration Point that contains all Symbol Technologies' data for parts tracked through its FTZ. The SAP system feeds data to the Integration Point's FTZ system. If necessary, manual adjustments are made in the SAP system to correct imbalances through a daily reconciliation process. FTZ software contains all documents necessary for reporting to Customs and moving cargo in/out of zone. **"Part of the reason we went to the FTZ was to reduce the duties. Implementing the supporting technology has helped us improve the visibility of all processes involved in FTZ management. Using FTZ has allowed us to effectively reduce duties and increase the turn-around speed of our supply chain",** - comments Greg Hines, Sr. Manager of Trade Compliance, - **this system interfaces with the customs systems to submit the required information to the government"**

Maquila: Symbol Technologies operates a Maquiladora manufacturing facility in Reynosa, Mexico – just 10 miles south of the McAllen, Texas international distribution center. Symbol Technologies co-developed a software solution with Integration Point to track raw materials and finished goods on a FIFO basis as they are transacted through the SAP system. The SAP system feeds data to the Integration Point's Maquila system and imbalances are adjusted in similar fashion to the FTZ processes. The Maquila system contains all document formats needed to import/export goods into and out of Mexico, report to Mexican government agencies and comply with both U.S. and Mexican regulations.

NAFTA: Symbol Technologies manages NAFTA reporting by linking Bill of Material for products made in Mexico to the software from PSI Software Inc., which computes applicable duty avoidance and creates reports to be filed with the government.

C-TPAT: The same third-party software vendor that provides the company's FTZ system (Integration Point) hosts an online application which allows companies to generate C-TPAT questionnaires for analyzing supply chain security. Symbol Technologies' vendors are issued a web link to their specific questionnaire and they can complete it via the internet at their convenience. Each question may be assigned a risk factor, enabling Symbol Technologies to rank the security of its suppliers. The system may store attachments provided by the vendors, including their security policies and practices or additional comments to support their answers. **"Our FTZ, Maquila, and C-TPAT programs are closely integrated.**

"From the financial standpoint, the FTZ, Maquiladora and NAFTA programs have brought us the most benefits – we've been able to realize significant dollar savings since we began using the systems to manage these programs. Automation has played a critical part in enabling the smooth management and reporting of the FTZ, NAFTA and Maquiladora activities"

- Greg Hines,
Sr. Manager of Trade
Compliance at
Symbol Technologies
(Motorola)

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One intangible benefit of automating these systems has been the increased trust of the local customs office stemming from the consistently reliable reporting practices we've been able to exhibit with the help of better visibility. In fact, after a recent audit by a Mexican customs consultant, we were commended for the high quality of our reporting process compared to the rest of Maquiladora operations they had audited" – says Mr. Hines.

SNAP-R: Utilizing the Department of Commerce's "SNAP-R" software allows Symbol to apply online for export licenses, license exceptions and ECCN classification assistance.

AES-Direct: For exports not handled by freight forwarders, Symbol Technologies files SED documents online with the Census Bureau using their AES-Direct software.

FAST: Symbol Technologies participates in the "F.A.S.T." program offered by U.S. Customs, which enables cargo to move more rapidly across the border with Mexico, provided the participating company is registered in the program and complies with the requirements. Symbol Technologies is allowed only half-hour advanced notice of cargo arriving at the border for inspection by Customs, compared to a minimum hour advanced notice required of non-participating companies. "There is no 'systems' management of this program, but Symbol Technologies' status within the program is a reflection of its commitment to heavy employment of systems and documented processes in its overall compliance efforts" – concludes Mr. Hines.

Technology plays a critical role in providing the much-needed visibility into international orders and shipments and facilitates the management of all aspects of global trade. Based on the [Global Trade Management](#) study's findings, Best-in-Class companies have used a variety of technology enablers to support GTM, with most differentiation in the use of global supply chain visibility platforms. These enablers have helped to better plan, execute, and track transactions while keeping global supply chain risks at bay.

A Perspective on On-Demand

According to this year's benchmark study [The Supply Chain Innovator's Technology Footprint 2007](#), supply chain visibility is the #2 priority for companies in 2007 in their overall plans to improve supply chain management (second to inventory optimization). Also, supply chain visibility and transportation management were reported as the top areas of intention to adopt on-demand applications.

The attention to on-demand supply chain applications has been increasing in the recent years because these technologies have

proven to be effective in solving the unique challenges of supply chain professionals, especially at companies with global operations, including:

- o the need to have access to data by multiple parties at different geographic locations,
- o real-time updates on supply chain events,
- o the existence of networks of pre-connected partners such as carriers and/or suppliers,
- o flexible payment schedules based on usage, and more.

Companies with extensive international operations considering enhancement of their GTM technology capabilities should evaluate the on-demand solutions for their IT needs.

For more information on this or other research topics, please visit www.aberdeen.com

Related Research

[*Global Trade Management Strategies: Surviving Growing Complexities in 2007*](#); May 2007

[*The Supply Chain Visibility Roadmap*](#); November 2006

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