



# EXPANDING SYSTEMS INTEGRATION TO INCREASE CUSTOMS COMPLIANCE

GLOBAL TRADE MANAGEMENT SOFTWARE'S ROLE

As trade legislation changes and new regulations are put in place by governments, importers have to adapt to new requirements. In today's global supply chain environment, companies rely on their employees to be able to react to and manage this changing environment. Supply chain managers look to systems to help gain visibility and to help manage their supply chain efficiently.

A great example is with the recent United States Importer Security Filing (ISF) requirements. Not only do you have to know what commodities are inside a container, you need to know 24 hours before the container is loaded at origin. The compliance team must provide the classification of those commodities before the deadline.

The ISF regulation has put a premium on information associated with shipments imported into the U.S. Furthermore, it is now more important than ever to tie together the ordering process with the transportation and compliance process, so the key pieces of information are present as early as possible at each stage. Let's look into this a little further.

Most companies have some sort of database system, whether that is a broad Enterprise Resource Planning (ERP) setup or a conglomeration of independent systems. At some level, there is a system that initiates an order for goods. When that order is sent to the vendor, there is usually some amount of time (a week, a couple months) before the compliance team will get directly involved. But, do they really need to wait this long and lose that valuable time?

In a well-managed trade compliance process, as soon as the goods are ordered, the key stakeholders downstream in the shipment flow are notified of the order and incorporate the information as necessary into their workflow. The origins need to file their ISF and the destinations need to file their customs entries. Each needs to know the classification of the commodities, and they need this information in a timely, efficient manner. Waiting until close to the deadlines is risky and could lead to shipment delays and/or fines.

Many companies have taken to managing commodity classifications with email and spreadsheets, but this approach is not robust enough. A well-designed process manages the commodity classifications in a systematic way, providing ample time for the compliance team to do a thorough job.

Yet, many companies do not have the budget or the time to extend their ERP or other database systems to achieve a systematic solution. In order to manage the information from the purchase order, to the classification process to the visibility of the shipment, they often look for an easily deployed solution to complement existing internal systems. The systems that most often meet this need are known as Global Trade Management (GTM) systems.

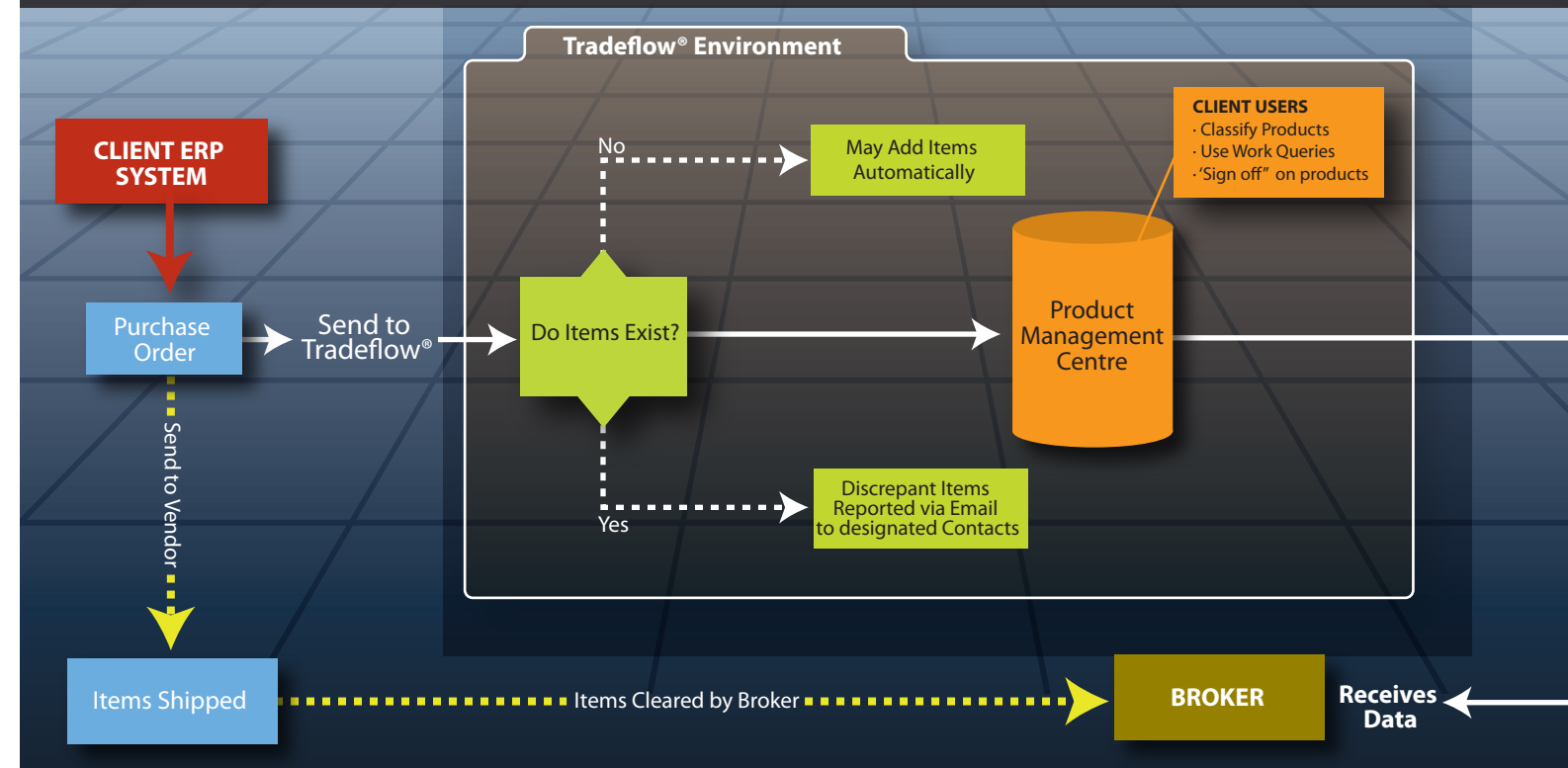
## Global Trade Management with Tradeflow®

Expeditors offers a global trade management application called Tradeflow®. As a web-based system with user access controlled through secure logins, Tradeflow provides a centralized tool for managing key trade information, including product/sku information.

Tradeflow is an open platform and can receive and feed product data for any provider. The system couples well with other Expeditors services, such as Order Management and Customs Brokerage.

For information about Tradeflow, contact your local Expeditors representative and visit [www.expeditors.com/bst/tradeflow.asp](http://www.expeditors.com/bst/tradeflow.asp)

## Purchase Order Integration with Tradeflow® Product Management Centre



GTM systems allow companies to extend their systems structure quickly and in a cost-effective manner. In our example, a product database with Harmonized Tariff Schedule (HTS) validation can provide a centralized way to manage commodity classifications. With a web-based product database, users can access their products behind a secure portal from various global locations. Additional features of these applications allow teams to design a workflow for both small and large compliance teams.

While the GTM product database is separate from a company's internal system, they can be integrated to work together through the use of automated file transfers. For example, the product database can be setup to receive daily updates via File Transfer Protocol (FTP) or other methods. With a compliance team working in the web-based product database, any updates for a given day can be sent back to the company's internal system. The integration in this case forms a systems loop that unites the process.

To take systems loop a step further, we return to the challenge of programs like ISF, and ensuring the purchase order information is disseminated to the compliance team for timely classification. Here, the product database can play a pivotal

role in cross-referencing any purchase orders sent to vendors, to make sure the products contained on those POs are present in the product database, and if not, to add them so the compliance team can classify them in time. Additionally, if they are present, but there are discrepancies in the values between the PO and the product database, a discrepancy report provides an opportunity to check the accuracy of the order.

With this setup, the compliance team then gets a tool to help them manage their product database, with lookups and validation against the customs tariffs needed for ISF and entry. They are involved early in the ordering process to avoid shipment delays, and are given time to do a proper classification. Through the use of a product database, we see how a GTM system can link up the disparate parts of the supply chain process, thereby improving overall compliance.

**Nicolaas Beehler**  
Business Development Manager – Tradeflow  
[nicolaas.beehler@expeditors.com](mailto:nicolaas.beehler@expeditors.com)