

10+2 Update

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ISF Benchmark Report: From Concept to Compliance

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ISF Benchmark Survey

Thank you for taking the time to participate in our latest research initiative!

Your responses are kept strictly confidential and responses will only be displayed in aggregate. Please answer the questions to the best of your knowledge. The survey is about 20 questions long and will take you approximately 15 minutes.

Please free to email me at any time should you have any questions, concerns or comments.
Jim Blaeser
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START SURVEY

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ISF Benchmark Survey

Questions marked with an asterisk (*) are mandatory.

1 * Please provide your E-mail address so we can provide you a copy of the survey results:

2 What percentage of your ocean imports into the US are you currently filing importer security filings (ISF) for?

- None - 0%
- 1 - 5%
- 5 - 25%
- 25 - 50%
- 50 - 75%
- 75 - 99%
- All - 100%

3 Do you anticipate filing ISF's for all (100%) of your US imports by January 26, 2010?

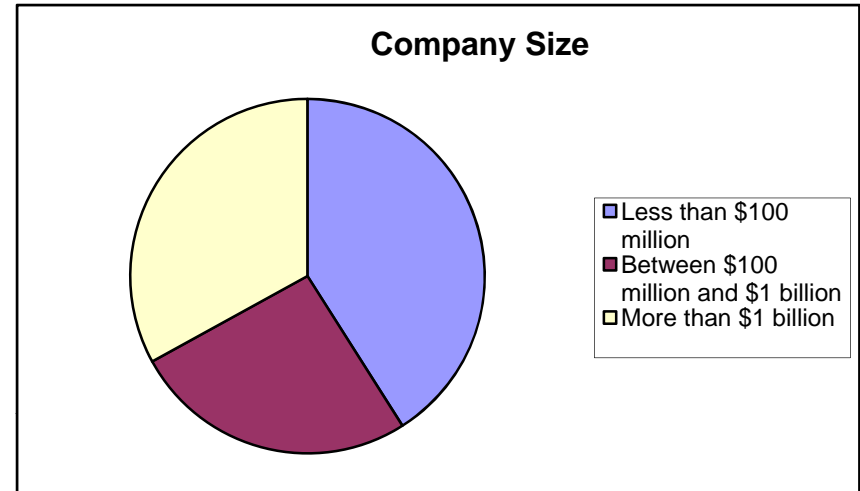
- Yes
- No
- Uncertain

4 Which best describes your company in terms of annual sales:

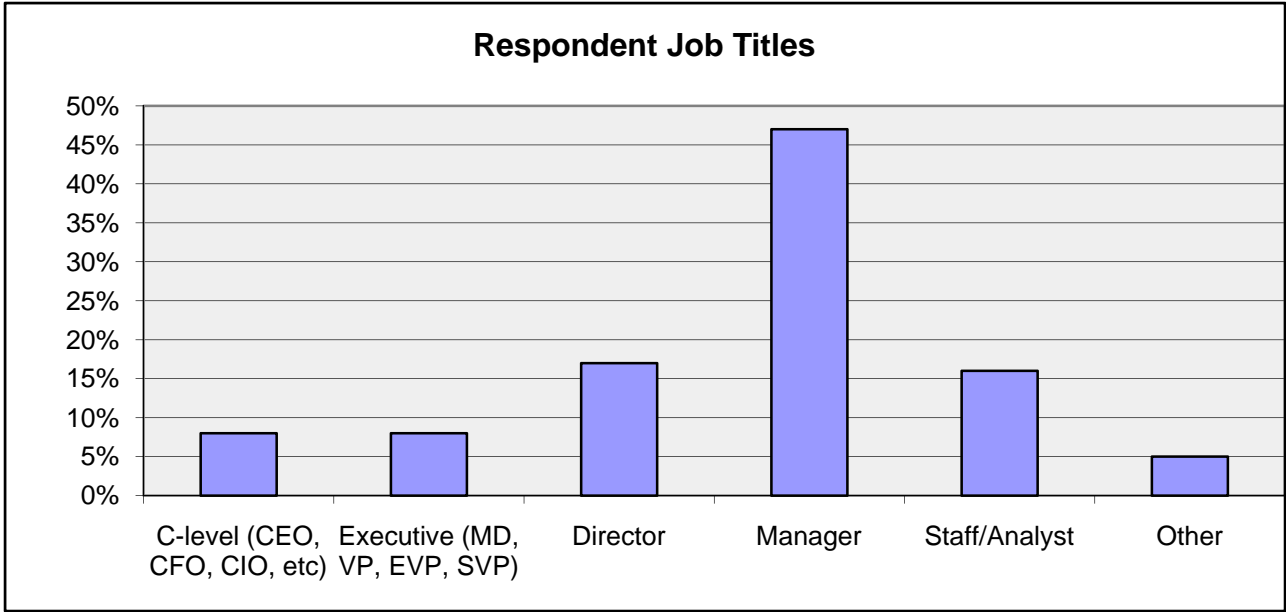
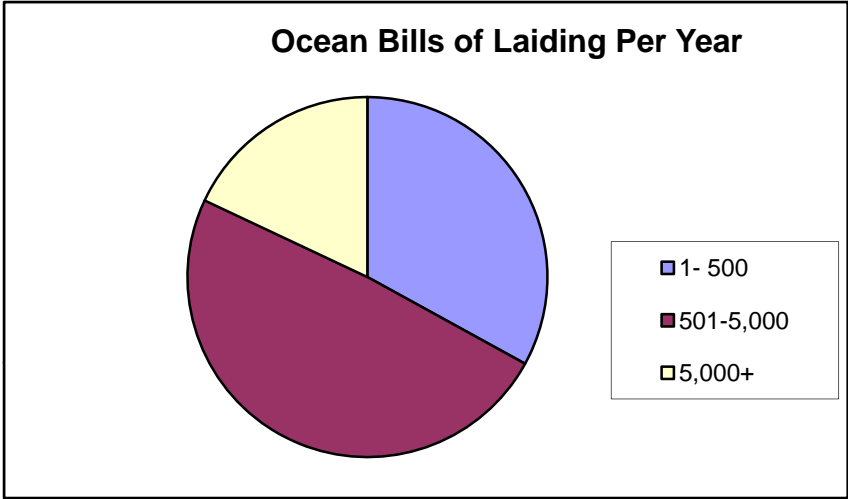
- Less than \$100 million

The Basics

- 220 companies
 - 34% Retail/wholesale
 - 25% Freight intermediaries
 - 13% Process manufacturers
 - 20% Discrete manufacturers
- 23 questions
 - The status of ISF compliance
 - Challenges importers face in becoming compliant
 - Impact of ISF compliance including costs
 - Best practices for ISF compliance management



Survey Demographics



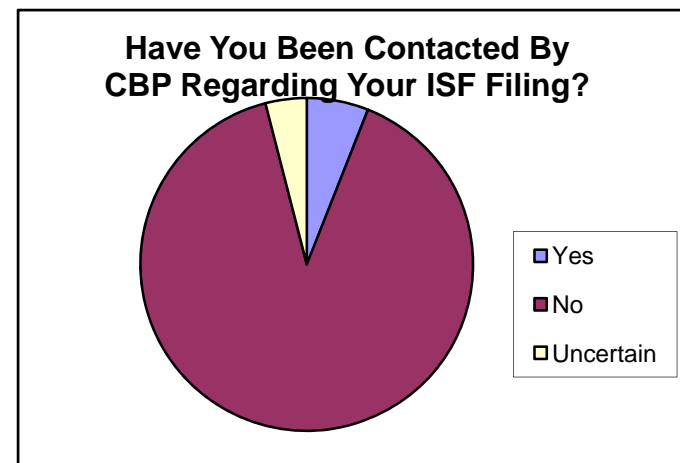
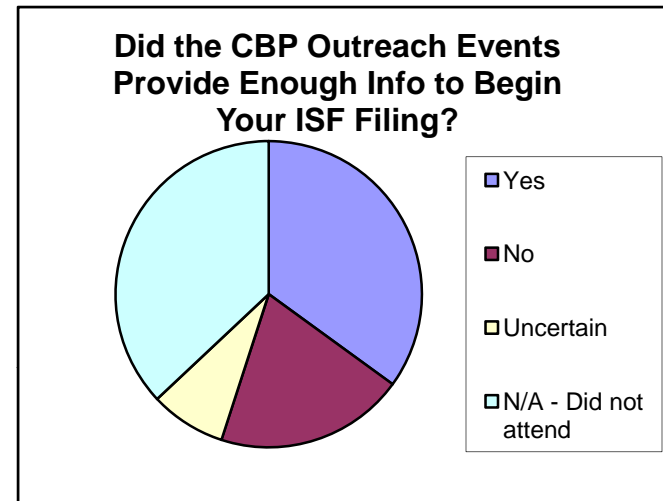
Winners

- File ISF for 100% of their U.S. imports by the January 26, 2010 deadline
- Pay \$50 or less in fees per ISF filing
- Express a high level of confidence in the accuracy, completeness, and timeliness of their ISF filings
- Make amendments to their service agreements to incorporate ISF compliance



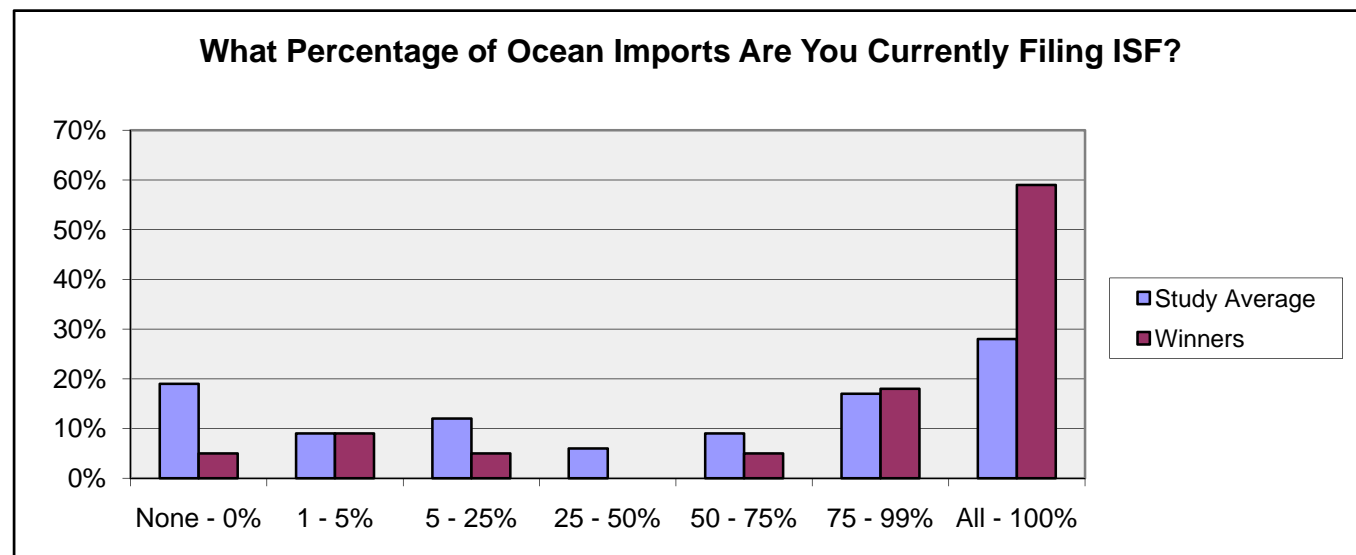
CBPs Outreach Admirable But Not Reaching Far Enough

- Largest outreach effort ISF requires lots of information, Technical clarity and training
- Fact: Companies filing ISF's today have a much higher chance of increased confidence that they will meet the enforcement deadline
- Fact: The majority of companies are still struggling to come up to speed on the ISF

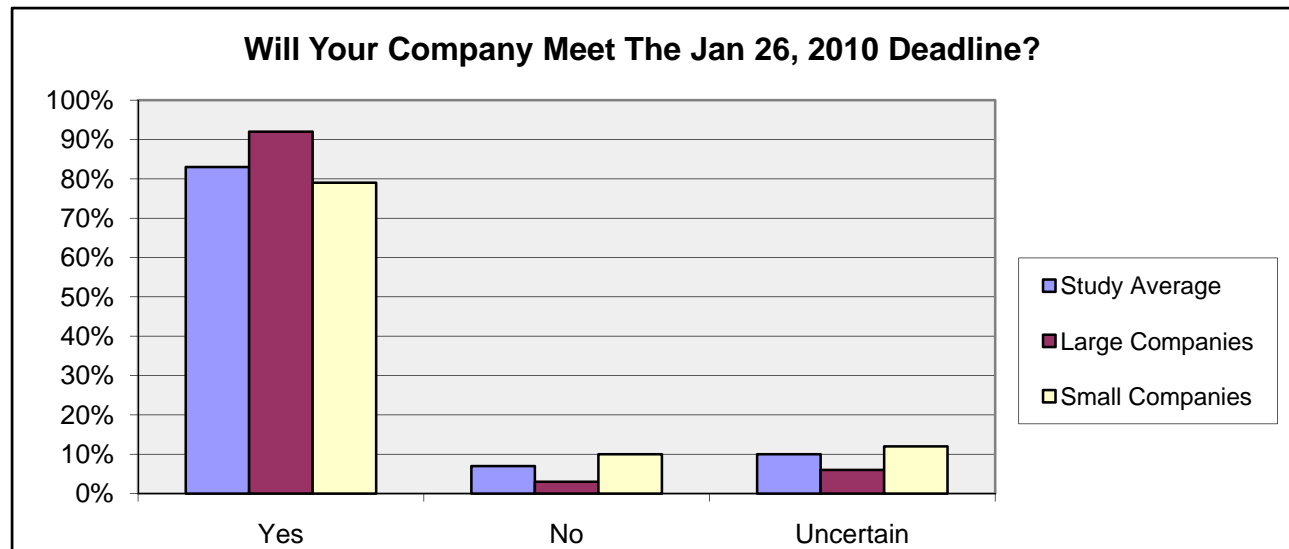
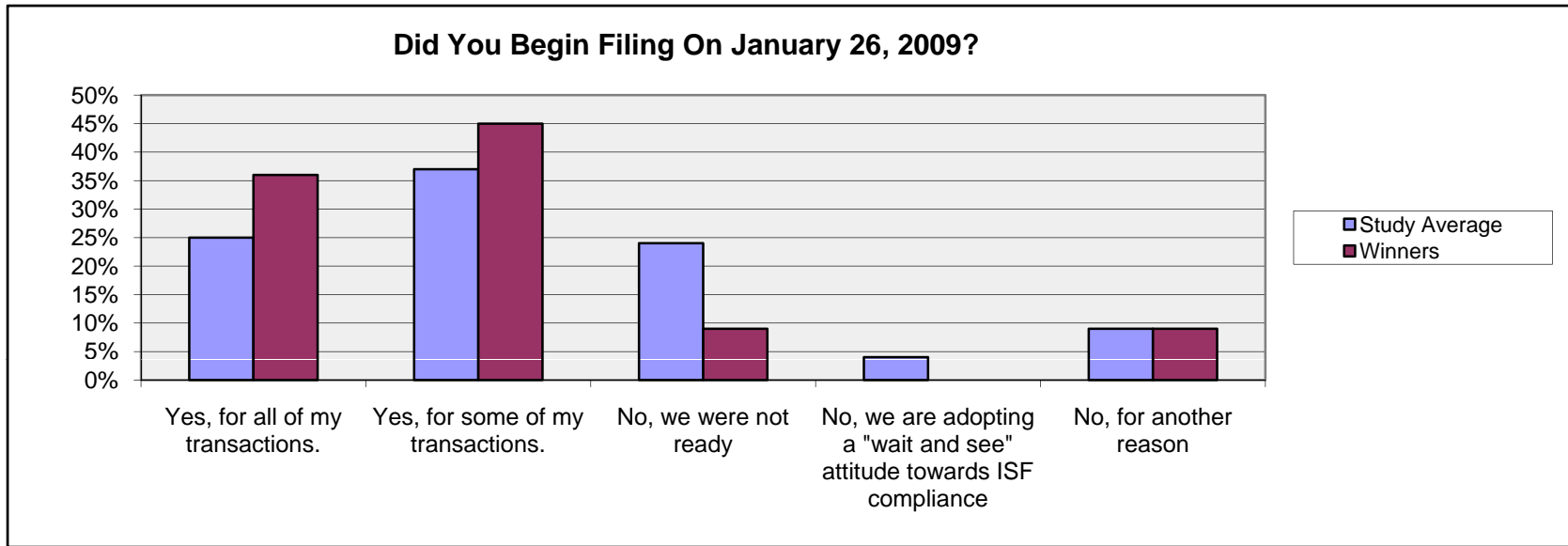


A Long Way To Go

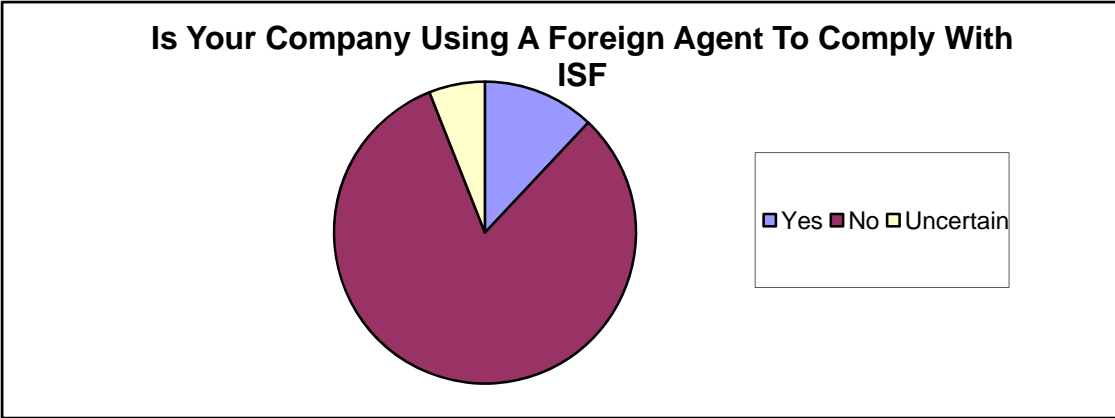
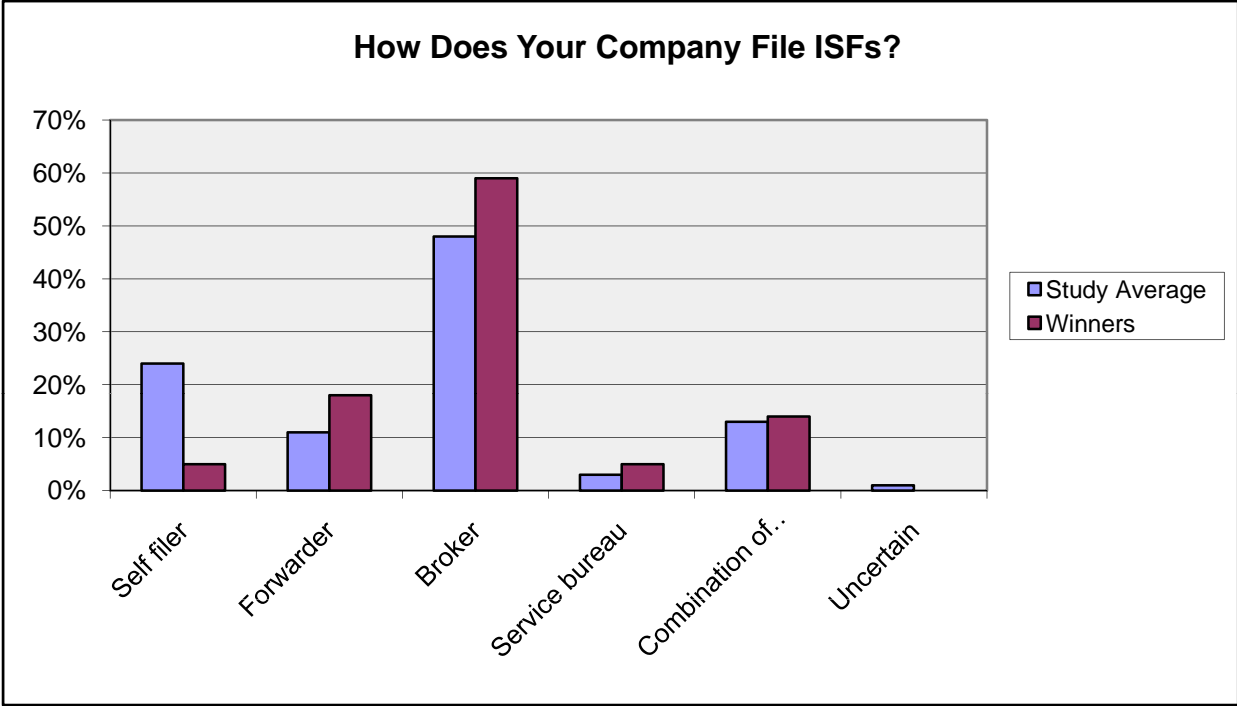
- 28% filing 100% of the ISF's
- 19% not filing at all
- Winners were twice as likely to be filing ISF's for 100% of their ocean imports
- Study average 4 times as likely to be filing no ISFs at all
- 37% have a high or very high degree of confidence that their ISF filings are timely, complete and accurate



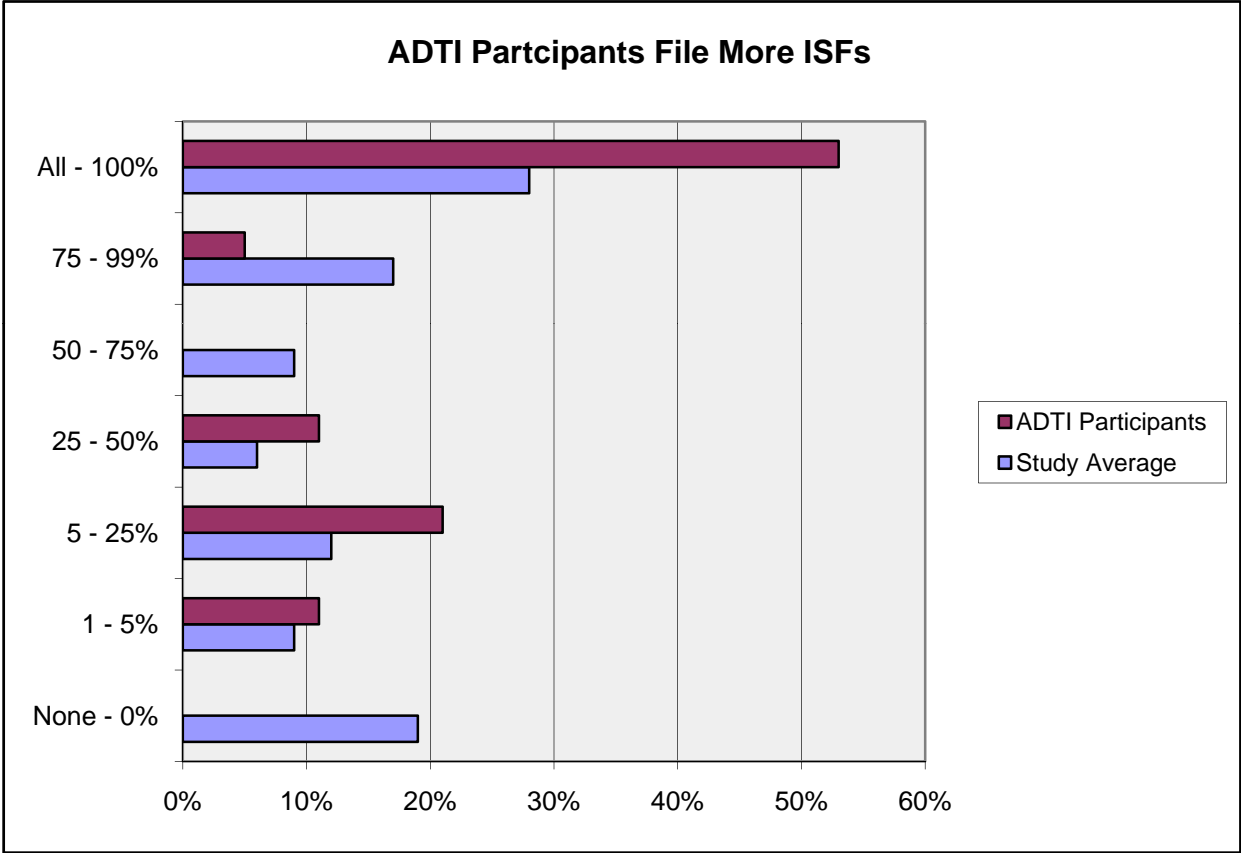
ISF Filing Status



How Companies Are Currently Filing



ADTI Participants File More ISFs



Size Matters

- Smaller companies ...
 - higher confidence level in the timeliness, accuracy and completeness of their filings
 - but... small companies are less certain about their ability to meet the January 2010 deadline
- Larger companies...
 - less satisfied (or completely dissatisfied) with their current ISF filing
 - yet, are more certain about meeting the January 2010 deadline



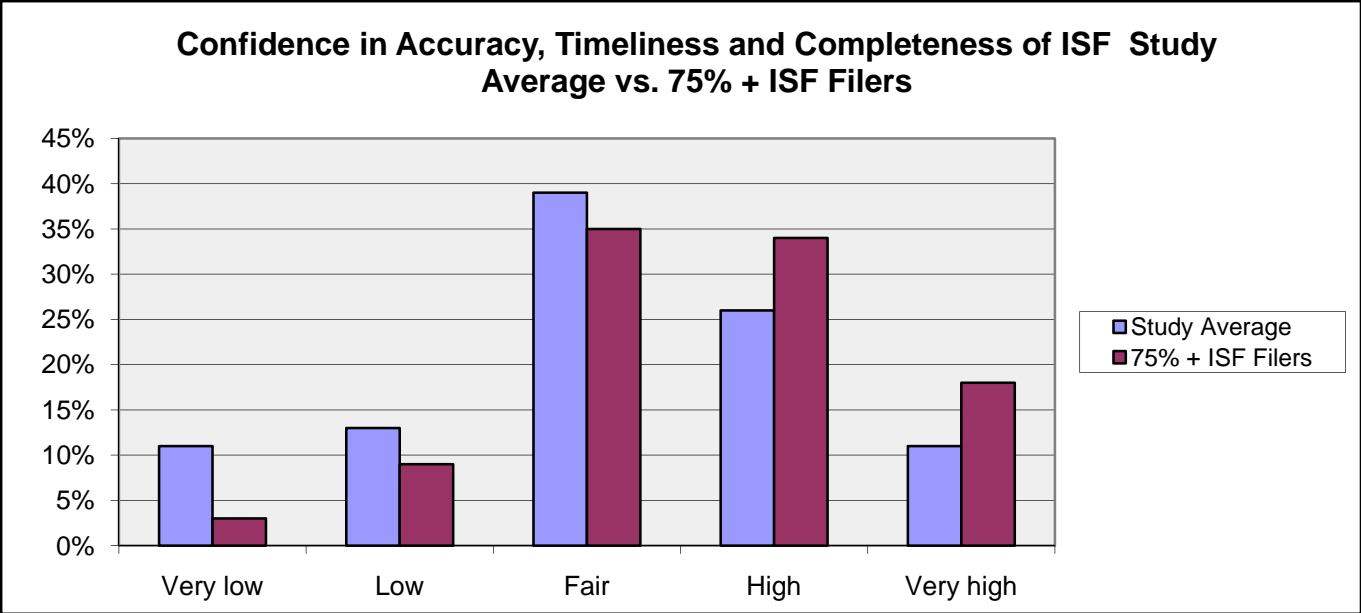
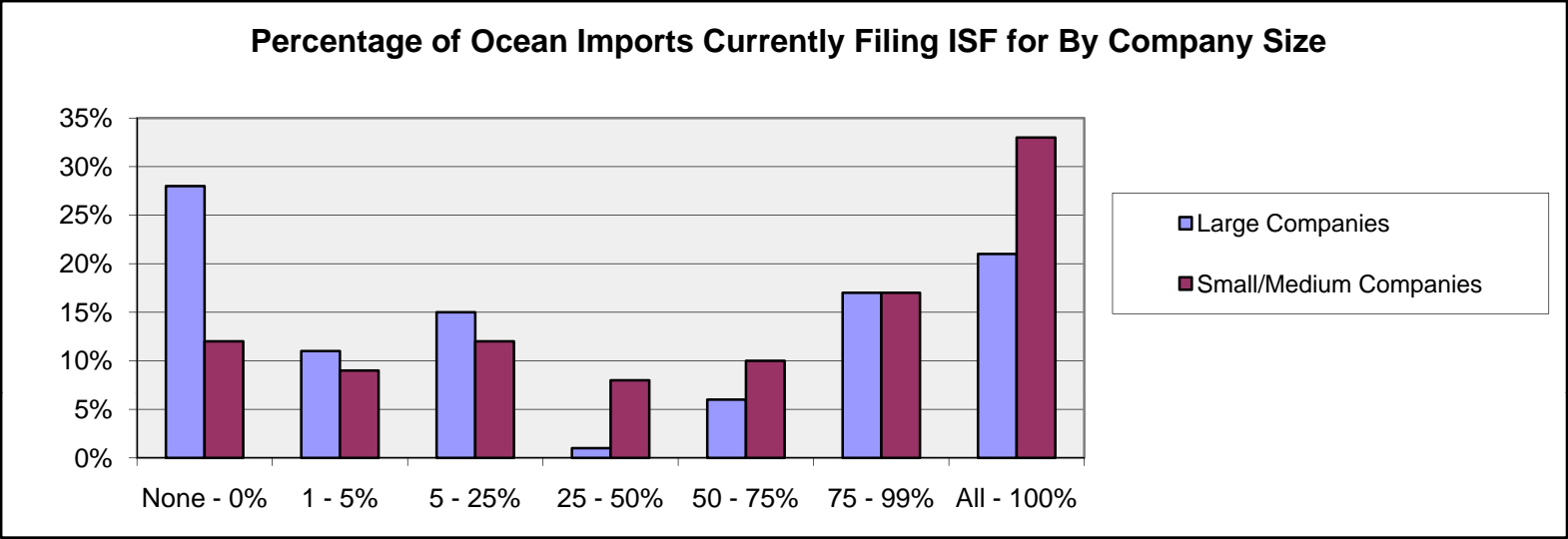
D-Day 2010

- Only 83% anticipate being able to file their ISFs by January 2010
- To avoid liquidated damages of \$5,000.00 per ISF **filing**
 - Timely
 - Complete
 - Accurate
- Financial losses would be staggering if enforcement began today

Companies Cannot Afford to Wait

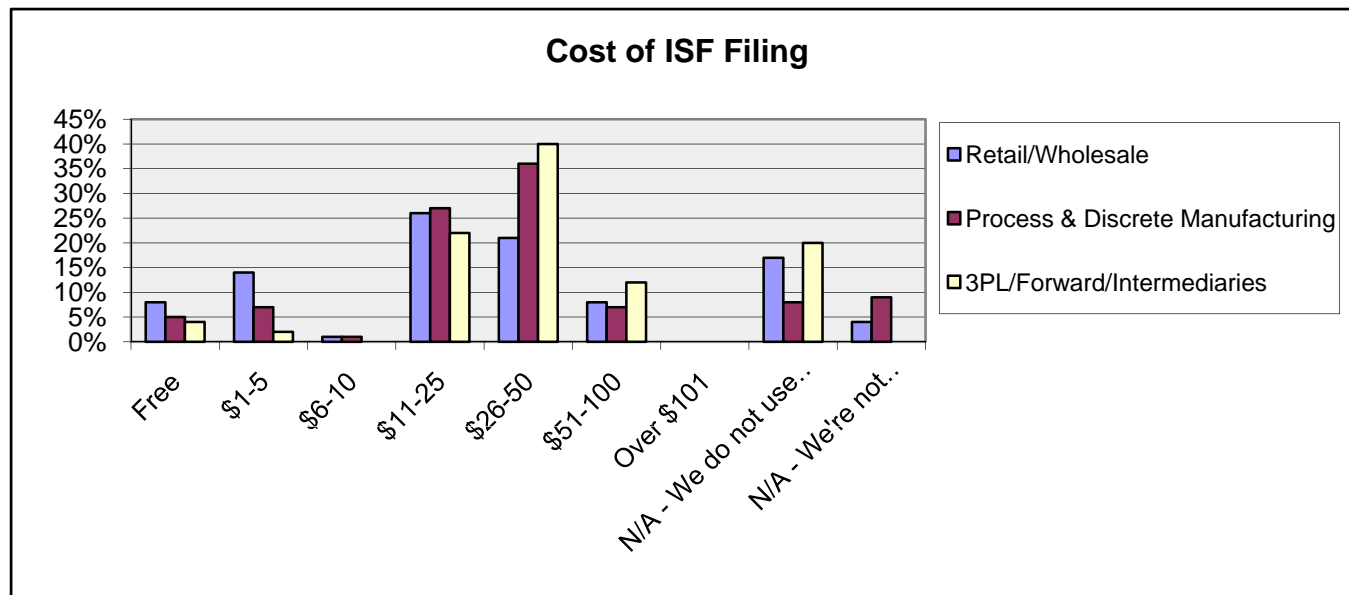


File Now – Refine Later



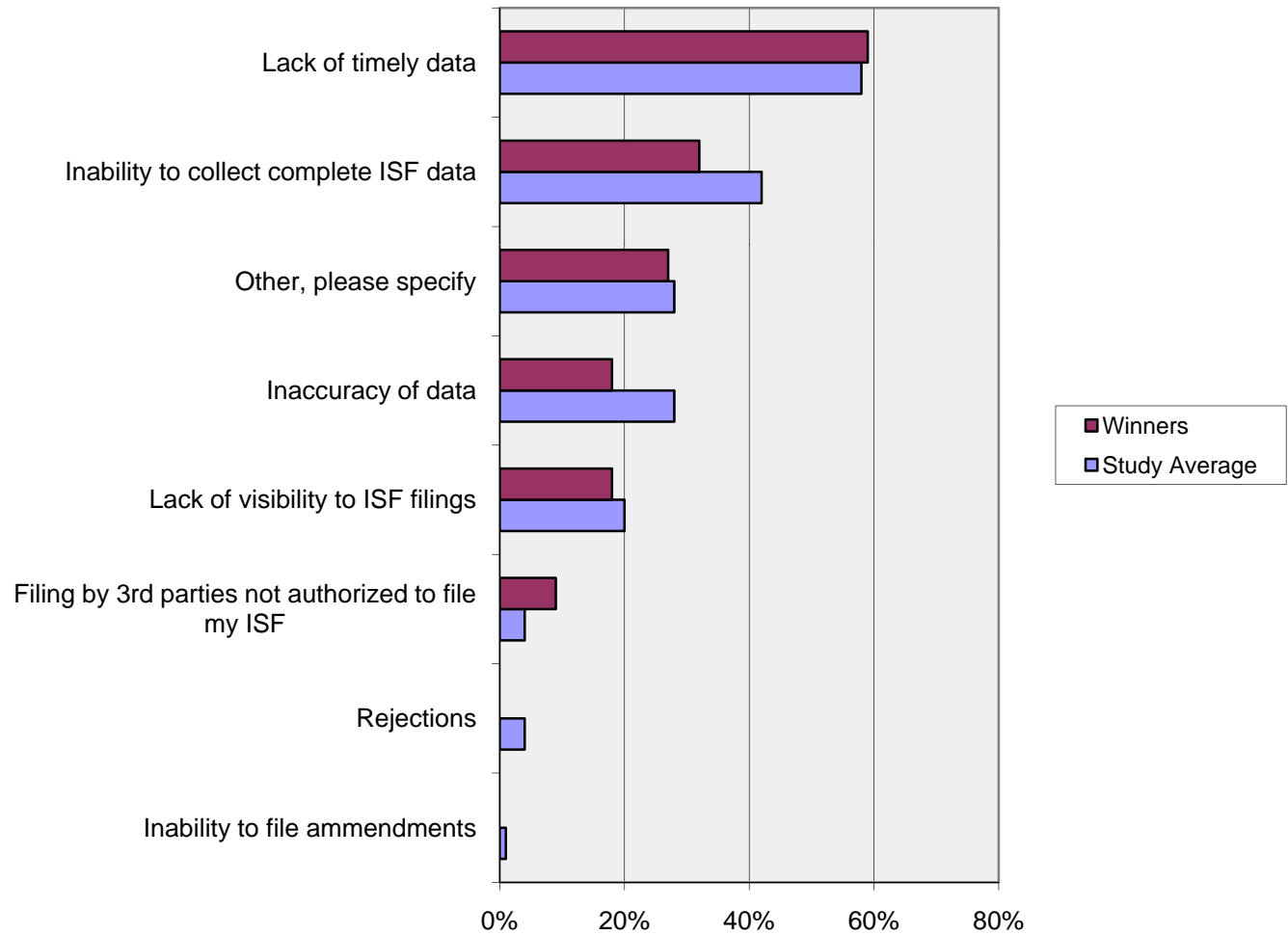
\$30 Ain't What It Used To Be

- Retailers appear to be far more successful in limiting or eliminating ISF filing costs
 - 50% paying \$25 or less
 - 8% paying nothing at all
- Average \$30/ISF
- 50% of 3PLs, forwarders and other intermediaries paying between \$25-\$100/filing



ISF Issues

Common Challenges With ISF Compliance

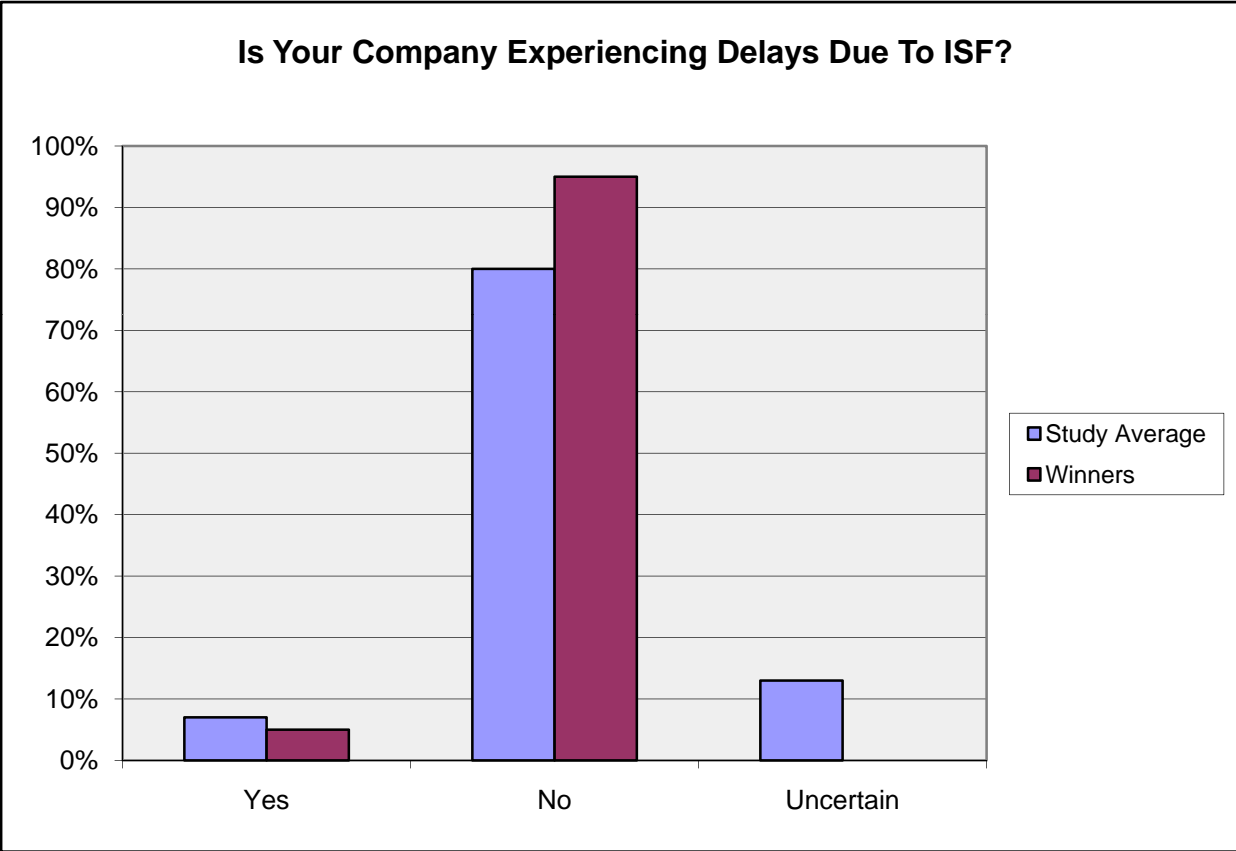


Other Issues With ISF

- Lack of availability of the B/L data
- No match to the B/L and the duplicate ISF filing errors
- Concerns with the timing of filing of the ISF by the importer and the timing of the carrier's filing of the manifest through AMS
- Issues with technology
- Concerns with additional cost of compliance



ISF Delays

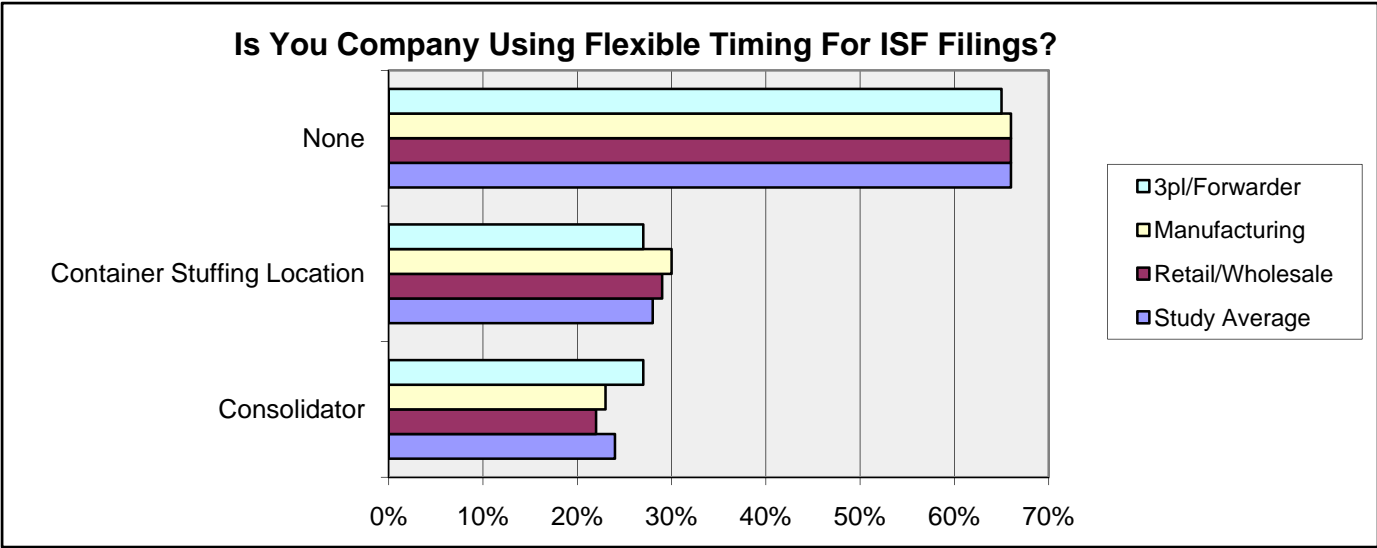
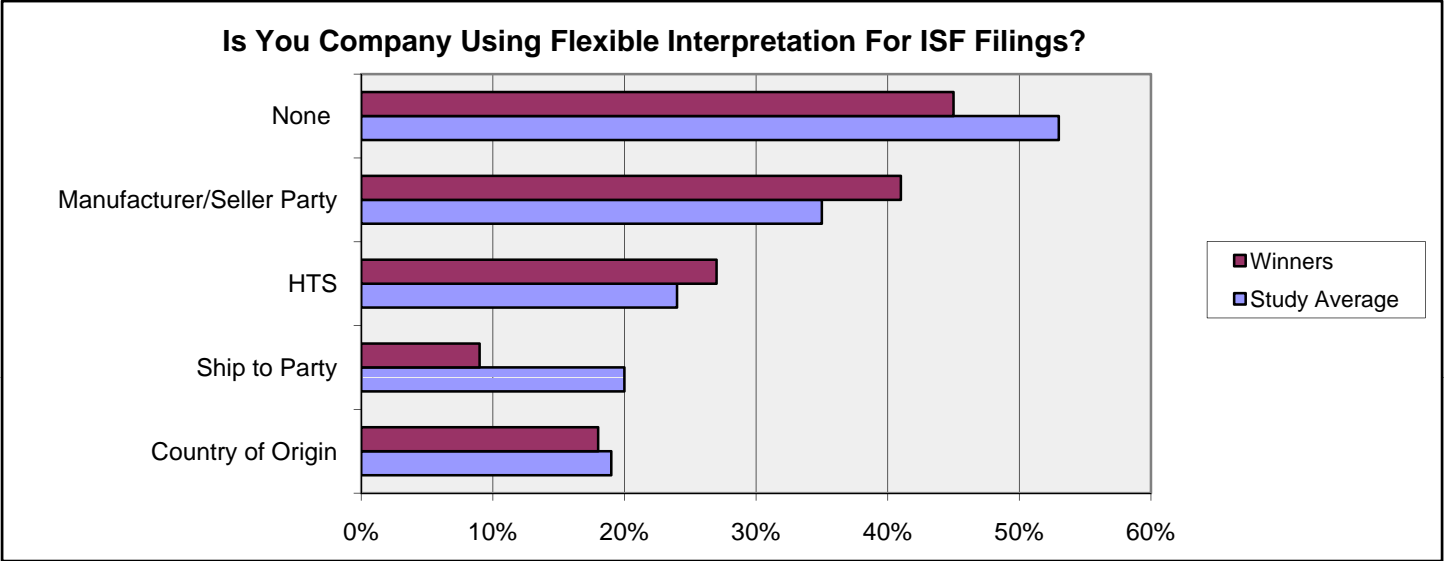


Costs

- CBP issued their Fiscal Year in Review
 - Year end analysis of CBP data shows entry counts and revenue collections of just under 31 million entries with \$32.5 billion in revenue collections
- Impossible to calculate the total number of ISFs that should be filed
- Bold, Unscientific Estimation
 - 72% of filers failing to file ISF
 - 72% of the customs entries that were filed in FY08 = 23,230,000,000 entries
 - This could potentially represent \$111,600,000,000,000 in penalties



Flexibility



Conclusion for Importers - Are You a Winner?

- How would I have answered these questions?
- Where would my answers place my organization – ahead of or behind the curve?
- How can my organization become a winner?
- File comments with CBP
- Appraise senior management



Conclusion for Customs – Hello Partner!

- More time and more filings are needed to adequately determine the feasibility and cost
- Regardless of size, industry, exposure – the majority of companies are nowhere close to being able to comply
- Expand analysis to include accuracy and completeness, not just timeliness

Extend The Structured Review Period

