

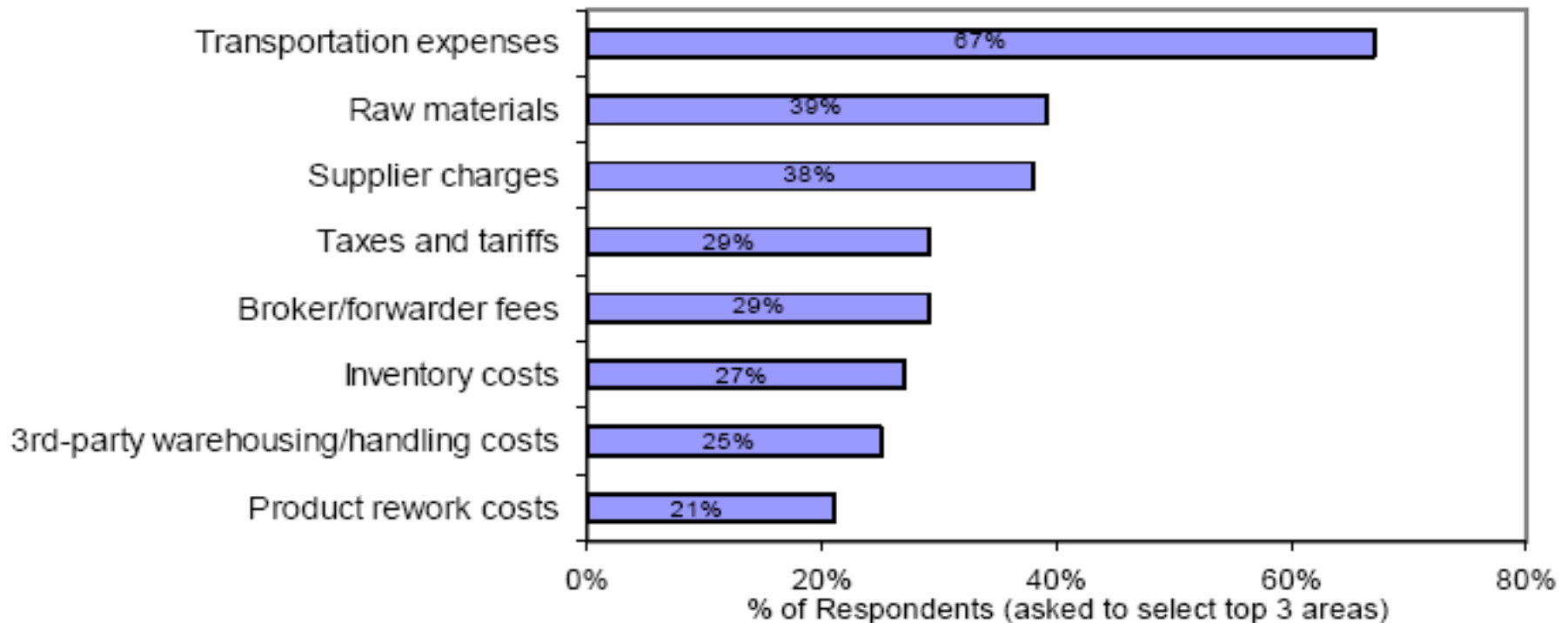


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Business Perspective



Top Areas for Global Trade Budget Discrepancies



Source: [AberdeenGroup](#), September 2005



Business Drivers for Participating in ACE

- CFO's perspective - Finance organization's primary global trade goals are to reduce the cost of goods sold and mitigate the risk of a global supply base.
 - Improved cash flow and profitability
 - Freeing cash directly impacts the quality of a company's earnings, which impacts the company's price/earnings ratio and its market capitalization.
 - ACE has tremendous impact to the bottom line – who wouldn't want a 40+ day float?
 - Revenue growth, profitability, and market success
 - Because of improvements to global sourcing.





Business Drivers for Participating in ACE

- Strategic operational perspective
 - Financial metrics – to assist organization in strategic planning and forecasting.
 - Accurate landed cost estimates
 - Make a reality of “cost savings” for sourcing decisions
 - Data and information to drive interdepartmental processes – duties and import cycle time.
 - Leverage the financial organization’s interest in financial operations into becoming an advocate for global trade.





Business Drivers for Participating in ACE

- Tactical operational perspective
 - Operational efficiencies
 - Bills issued weekly
 - Cutting 1 check per IR number a month instead of 20+ checks per IR
 - Receiving payments and adjustments on the statement rather than receiving individual checks
 - Complete visibility to all import transactions – “I can see what Customs sees (almost)”
 - Logistical data
 - Mode – to confirm shipping procedure compliance
 - Port of arrival – to determine routing efficiencies



Features Available Today



- Pay on a periodic monthly basis
 - Move from a transaction-by-transaction payment process to an interest-free periodic monthly statement process.
 - Pay for all shipments released during the previous calendar month by the 15th working day of the following month.
- Create your own secure account
 - Create an account based on your company's organizational structure.
 - Restrict user access to any and all information in your account.
- Generate your own reports
 - Have dynamic analytical tools at your fingertips.
 - Access more than 60 reports.



What Trade is Saying Today

"All of our vehicle entries, which account for 90 percent of duty payments, are now entered through ACE. It worked great. It is a big help to our accounting and treasury people. Before, we spent a lot of time coordinating the ACH debits for each individual shipment. Now, it takes us about 15 minutes a month to tweak each PMS report we pull from ACE, before submitting it to the proper financial departments."

-Robert Resetar, Customs Manager, Porsche

"If the cash flow advantage alone is not enough to entice importers to take advantage of the ACE Secure Data Portal, access to payment information and reporting tools is a significant bonus for importers who have no on-line access to import data stored within the Automated Commercial System (ACS)."

-Ronald Schoof, Global Trade Compliance Manager, Caterpillar, Inc.

"The first benefit is that it provides cash flow and related interest savings. Secondly, we benefit from a reduction in administrative work relating to duty payments. We no longer have to review and approve ACH [Automated Clearing House] payments daily. The two benefits are immediate, substantial, and tangible."

-Ikue Duncan, Compliance Manager Customs Immigration, Toyota Motor Sales, USA, Inc.



Reports Overview

- Report types include:
 - Compliance.
 - Transactional.
 - Financial.
- Reports dashboard
- New views into reports into:
 - Every entry.
 - Value for each IR number.
 - Number of imports.
 - Number of compliance reviews by CBP
 - Compliance rate, including the reason for discrepancies, down to the port level.
- Reports are improved with every new release.





Reports Best Practices

- Download data so you can manipulate, sort, and archive it.
- Analyze the data:
 - Compliance
 - Watch your compliance measurement
 - Arrival versus release variances exceeding one day.
 - Chapter 98xx classifications.
 - ADD/CVD entries.
 - Trade agreement/trade preference declaration.
 - Classifications not in line with product line (s).
 - Values that are over a certain amount.
 - Duty rates over a certain threshold.





Reports Best Practices

- Analyze the data:
 - Finance
 - Total duties and taxes paid.
 - By origin.
 - By MID.
 - Total adjustments (additional bills and refunds).
 - Suspended liquidation.
 - Transaction
 - Number of entries.
 - Activity by origin, port of arrival, port of destination.



Great Things to Come

- Future enhancements coming through the web portal
 - Post Summary Corrections
 - Enhanced reporting
 - Expanded data





Industry Best Practice: Leverage Technology

- ACE is critical part of your overall import operation
 - Develop or select a system designed for international transactions
 - Link the financial and physical supply chain by connecting order, shipment and product data to the Customs data.
 - Develop a means to manage cross-departmental functions.
 - Utilize exception management and anomaly reporting.
 - Automate the audit process.
 - Develop a scalable, controlled import operation.





Overall Benefits

- Enable sourcing and selling decisions.
- Ensure accurate payment of duties and taxes.
- Leverage cash payment to improve market capitalization.
- Become a best in class global trade company.



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How to Successfully Implement ACE

- Get a National Account Manager.
- Get a broker representative.
- Set up regular communications with your NAM, broker representative and an ACS specialist.
- Clearly communicate with corporate treasury, accounts payable and finance exactly what is going to happen.





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Trade Support Network and Trade Ambassador Program



Trade Support Network



- Who are they
 - Group of trade representatives who provide input into the design and development of Modernization projects
- Founded in 1994
- 150 members representing the entire breadth of the trade community:
 - Brokers
 - Importers
 - Consultants/attorneys
 - Exporters
 - Service bureaus
 - Couriers
 - Foreign trade zone operators
 - Software vendors
 - Sureties
 - Trade Association members
 - Terminal operators



Trade Support Network

- Goal
 - To provide timely, focused input from the trade.
- Meet twice a year at TSN Plenary Sessions
 - 2 day sessions.
 - Detailed review of ACE progress, challenges and successes.
 - Trade and CBP review of active ACE programs.
 - Tremendous opportunity to understand the enormity of this task.



TSN Committee Structure

- The committees provide information relating to specific business processes to CBP, including business requirements.
- Current committees:
 - Account Management
 - Entry
 - Revenue
 - Multi-Modal Manifest
 - International Trade Data System (ITDS)
 - Export
 - Transition
 - Legal and Policy
 - Supply Chain Security



Sample TSN Requirements

Automated Commercial Environment—Requirements Recommendation

Date:	6/21/01 Draft
Number:	ENT-010
Requestor:	Trade Coalition ¹ , Entry Process Subcommittee ²
Customs Co-Chair:	Phyllis Rubenstein, Millie Gleason
Trade Co-Chair:	Art Litman

Requirement

Importers should be able to designate either prospectively, or retrospectively those elements of an ES/IASS they want to reconcile or revise. Business reality dictates that an importer will frequently not know or be able to identify on a prospective basis the types of adjustments it will need to make. While an importer filing computed value reconciliations will always know ahead of time that Computed Values will have to be adjusted, an importer using Transaction Value may not have such a general knowledge. For example, a given importer knows that for the vast majority (99.9%) of its business, Transaction Value will be based on the price paid or payable, without any adjustments to price or for the other statutory additions provided for in 19 USC 1401a(b). On occasion, however, certain business transactions may occur which may impact dutiable value. For a specific group of SKU's, months after import, the importer may receive a bill for a special mold that had to be provided to the manufacturer. Upon performing a review, the importer's compliance department discovers and validates that the mold expense relates to merchandise previously imported. At that point in time, the importer is ready to signal intent to reconcile as to the specific SKU's (and issue) affected.

Retroactive flagging does not guarantee that every issue will be identified in a manner timely enough to capture within the reconciliation process, i.e., discovery of the issue may still occur after the deadline



Trade Ambassadors

- Who are they?
 - 27 TSN members with security clearance.
- What do they do?
 - Represent the requirements recommendations to the eCP.
 - Discuss all aspects of the requirement, including design pro's and cons.
 - Ensure that requirements become reality.



Benefits of the Trade Ambassador Program

- Get to see tremendous accomplishments.
- Enjoy the occasional moments of panic.
- Work closely with an organization that has taken a huge step towards collaboration.
- Understand the drivers behind CBP and participating government agency actions.
- Communicate the drivers behind the business operations.





How to Submit Suggestions

- Great Idea Form (GIF) process
 - End user can get great ideas into CBP's hands
 1. Communicate idea to TSN.
 2. TSN completes GIF.
 3. Trade community lead submits GIF to CBP.
 4. CBP evaluates GIF.
 5. Approved GIF becomes a formal change request (CR).
 6. CR gets scheduled for delivery.





Importance of Collaboration

- We need to get the message out to the trade community:
 - ACE is here to stay.
 - There are immediate, tangible benefits to participating in ACE today.
 - Those benefits ring true at the executive level within our organizations.
- We must start preparing our operations.
 - There will be significant changes to our processes at all levels.