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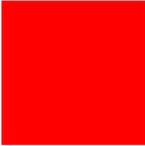
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## **Global Trade Management Best Practices in a Cross-Border World**

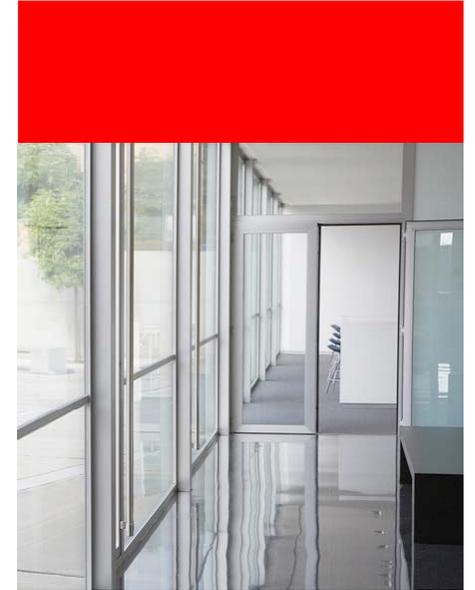
Rosalie Cmelak  
Group Manager, GTM Product Strategy



The following is intended to outline our general product direction. It is intended for information purposes only, and may not be incorporated into any contract. It is not a commitment to deliver any material, code, or functionality, and should not be relied upon in making purchasing decisions. The development, release, and timing of any features or functionality described for Oracle's products remains at the sole discretion of Oracle.

## Program Agenda

- “If It Ain’t Fixed, Don’t Automate....”
  - Michele McGuire, **Deloitte**
- Case Study: Transforming Trade @ Oracle
  - Justin Pearlman, **Oracle**
- Risk & Reality of Not Including GTM in Corporate Strategy
  - Beth Peterson, **BPE**
- **Oracle GTM** Product Strategy & Roadmap
- Q & A



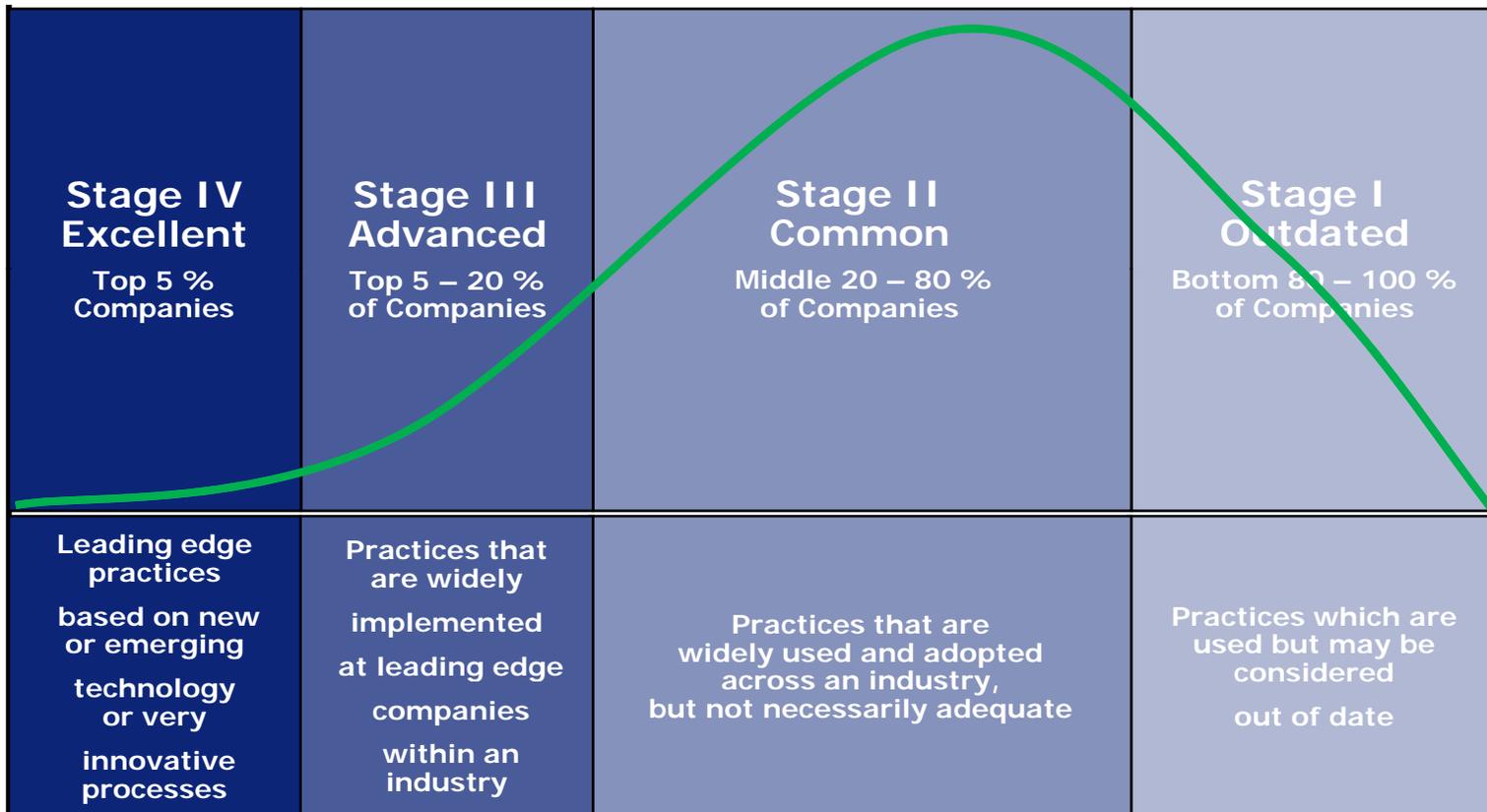
A man in a dark suit, light blue shirt, and striped tie is sitting in a black office chair. He is gesturing with his right hand, palm facing up. Behind him are several rows of server racks. The racks have perforated metal doors. On the left side of the racks, there are labels like 'TAPE', '~AC', 'DC', and 'STANDBY'. On the right side, there are various control buttons and indicators, including a power button, a warning triangle, and a lock symbol. The background is a blurred office setting with large windows.

**Deloitte**

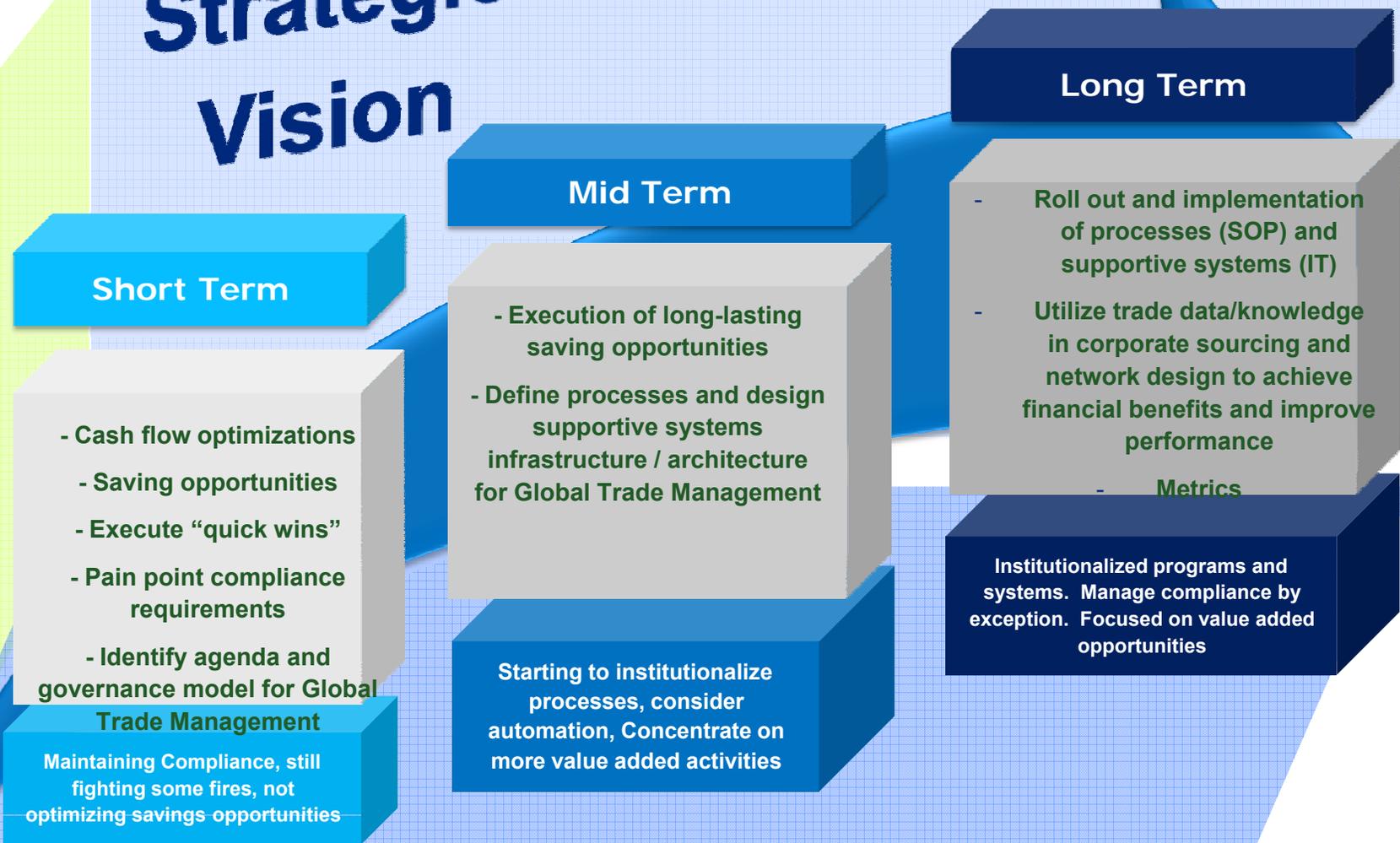
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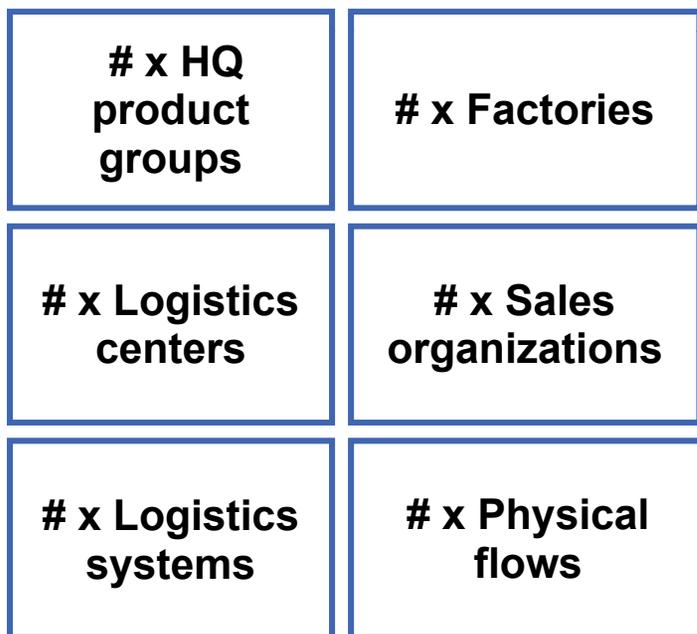
## Capabilities Maturity Model



# Strategic Vision



- Siloed regions, organizations, and functions yield redundancies that make trade management particularly complex, incur redundant costs and increase the chance of non-compliance



- **Multiple compliance procedures**
- **Multiple data decisions and inputs**
  - **Multiple compliance systems**
- **Multiple compliance management**
- **No overall management & control**
- **Multiple costs, maintenance, etc...**

## Benefits of Centralization

- Single source of data management truth
- Reducing manual / redundant processes
  - Global content management
- Efficiently uploading new classification lists to automated trade solution, where applicable
- Consistently classifying your products across the globe and business subsidiaries

Classification is among one of the top three improvement areas for global trade compliance.

- Global Trade Compliance Priorities in 2008, Aberdeen Group, March 2008

*“If you fix it first, savings will follow”*

| Results   |  |                                  |   |
|---|--|----------------------------------|---|
| Opportunity   | Value<br>(Cost Reduction-After Tax)  |                                  | Root Cause  |
| <b>Harmonized Tariff Code Management</b> <ul style="list-style-type: none"> <li>○ Reduce redundancy</li> <li>○ Reduce risk</li> </ul>   | <ul style="list-style-type: none"> <li>▪ Immediate Savings</li> <li>▪ NPV</li> </ul>               | \$5M<br>\$19M                    | <ul style="list-style-type: none"> <li>▪ No centralized/regional process or controls</li> <li>▪ No single source of data</li> <li>▪ HTS assigned at border</li> </ul>                               |
| <b>Improve Supplier Documentation</b>   | <ul style="list-style-type: none"> <li>▪ Immediate Savings</li> <li>▪ NPV</li> </ul>               | \$2M<br>\$8M                     | <ul style="list-style-type: none"> <li>▪ No process of SLA with suppliers</li> <li>▪ Most communications paper based</li> </ul>   |
| <b>Streamlined Automated Filing Process</b>   | <ul style="list-style-type: none"> <li>▪ Immediate Savings</li> <li>▪ NPV</li> </ul>               | \$1.6M<br>\$6M                   | <ul style="list-style-type: none"> <li>▪ Currently file import/export declarations manually due to lack of data and automation</li> </ul>   |
| <b>Program Cost Savings</b> <ul style="list-style-type: none"> <li>○ First Sale for Export</li> <li>○ Trade Zones &amp; Programs</li> <li>○ Rationalize 3<sup>rd</sup> Party Providers</li> </ul> | <ul style="list-style-type: none"> <li>▪ Immediate Savings</li> <li>▪ NPV</li> </ul>               | \$7M<br>\$26M                    | <ul style="list-style-type: none"> <li>▪ Lack of visibility to trade flows causes unnecessary duty payment; other trade costs and inability to take advantage of programs (1% reduction)</li> </ul> |
| <b>Totals</b>   | <ul style="list-style-type: none"> <li>▪ <b>Immediate Savings</b></li> <li>▪ <b>NPV</b></li> </ul> | <b>\$16.5M</b><br><b>\$62.0M</b> |   |

A man in a dark suit, light blue shirt, and striped tie is sitting in a black office chair. He is gesturing with his right hand as if speaking. Behind him are several rows of server racks. The racks have a perforated metal front panel. On the left side of the racks, there are labels like 'TAPE', '~AC', 'DC', and 'STANDBY'. On the right side, there are various control buttons and indicators, including a power button, a lock, and a 'XSCF' indicator.

**Oracle/Sun**

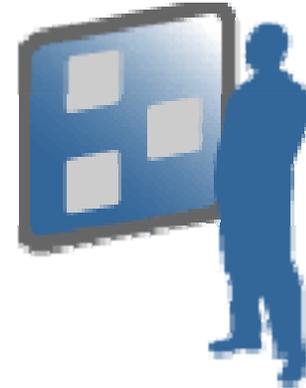
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- Sun is a paradigm shift – Change in basic assumptions
- Increased complexity and risk
- Opportunity to improve and extend the trade compliance automation strategy

# Thoughtomation

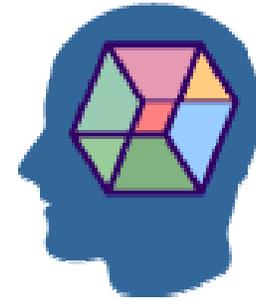


- *“It’s about the data, stupid...”*
  - ✓ Quality
  - ✓ Availability & Access
  - ✓ Centralize, Standardize, Automate
    - Product Classification
    - License Determination
    - Restricted Party List Screening
- Business and Trade Compliance process reengineering are critical basis for automation

# From “Thought” to Finish

## Implementation Steps

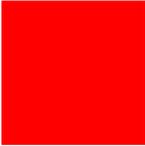
1. Agree to Concepts
  - Regimes, Regulations, and Jurisdictions
2. Define Compliance Processes
  - Product Classification
  - Export
  - Import
3. Define Global Compliance Policies
  - Regulatory requirements
  - Corporate trade policies
4. Automate & Execute
5. Lather, Rinse, Repeat



## From Tactical to Strategic

- Institutionalize trade compliance – Integrate into global business practices
- Trade Compliance no longer a necessary evil, rather a strategic competitive advantage
  - Increase supply chain and business process visibility & collaboration
  - Improve service
  - Reduce operating costs





# Keys to Success

## Top Do's and Don'ts

### 1) DON'T...

- Enable bad business process, identify and address it
- Define business process, stick with what you know
- Confuse regulatory requirements with best practices
- Underestimate the need to managing change

### 2) DO...

- Define a realistic strategy and execute it
- Deliver compliance with a smile
- Remember trade compliance ≠ rocket science
- Beware of the illusion of control
- Obtain executive management commitment

**CYA ≠ PYA**

A man in a dark suit, light blue shirt, and striped tie is sitting in a black leather chair. He is gesturing with his right hand as if speaking. Behind him are server racks with perforated metal doors. The background is a blurred office setting with large windows.

**BPE**

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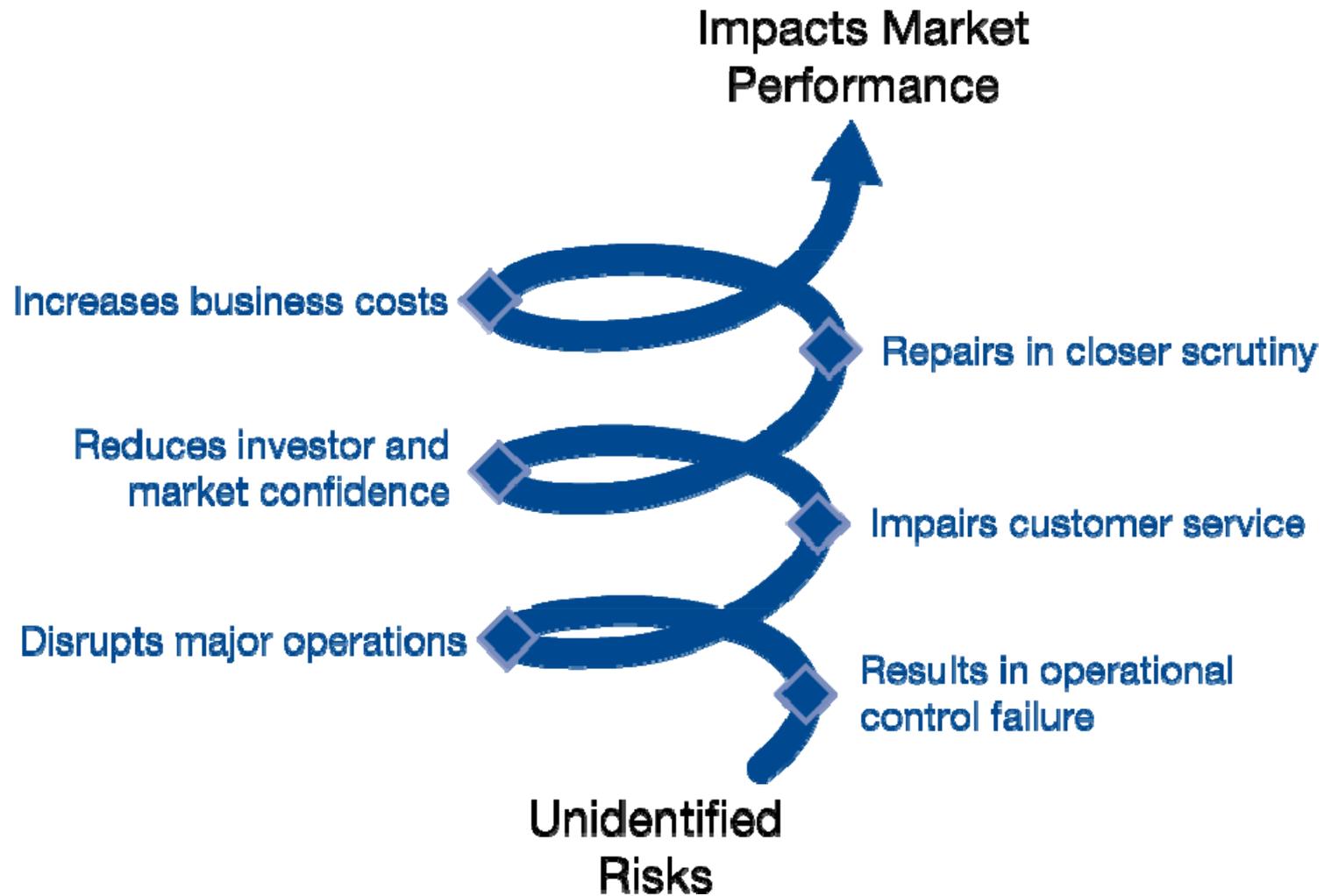
## What CEO's Want/Don't Want



- Want:
  - Corporate social responsibility
  - Positive image
  - Business section headlines
- Don't Want:
  - Sales to terrorists
  - Company's product, software or technology in the hands of our enemies
  - Front page surprise headlines



# Unidentified Risks Adversely Impact Performance





## “GTM and the Pea”: *Risks Can Result in Penalties*

| Issue   | Penalty                      |
|---|------------------------------|
| <ul style="list-style-type: none"><li>• Optrex America<ul style="list-style-type: none"><li>– Failure to exercise reasonable care</li></ul></li></ul>                     | \$913,000                    |
| <ul style="list-style-type: none"><li>• Pioneer Speakers<ul style="list-style-type: none"><li>– False NAFTA claims</li><li>– Recordkeeping violations</li></ul></li></ul> | \$10,000,000<br>\$16,000,000 |
| <ul style="list-style-type: none"><li>• ITT<ul style="list-style-type: none"><li>– Export without a license</li></ul></li></ul>   | \$100,000,000                |
| <ul style="list-style-type: none"><li>• Lloyds<ul style="list-style-type: none"><li>– Violations of sanctions</li></ul></li></ul>   | \$217,000,000                |

## Existing Operations – Risks/Realities

- Products and Technology
- People
- Places
- Use





## Acquisitions – Risks/Realities

- Visibility
- Control
- Compliance

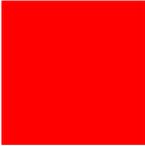




# GTM Strategy

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<http://www.oracle.com/us/corporate/press/043265>

## Oracle Launches Oracle® Global Trade Management

### Single Source of Truth for Trade Compliance Helps Mitigate Supply Chain and Compliance Risk

Redwood Shores, Calif. – January 11, 2010

#### News Facts

- To help companies mitigate supply chain and compliance risk, Oracle today announced the availability of Oracle® Global Trade Management.
- Oracle Global Trade Management is a global, centralized compliance solution designed to help companies maintain visibility and control of cross-border transactions.
- By automating and orchestrating cross-border transactions, Oracle Global Trade Management enables companies to efficiently manage and control trade compliance activities related to imports, exports and other types of regulatory, legal and company-mandated policies.
- Oracle Global Trade Management is built on the same platform as Oracle Transportation Management providing customers with a holistic global logistics platform to manage their trade and transportation requirements.
- Oracle partners contributed valuable expertise to help create this new product. Specifically Deloitte and BPE offered insight to accelerate implementation cycles and CUSTOMS Info provided the preferred content platform. These partners are members of the Oracle PartnerNetwork.

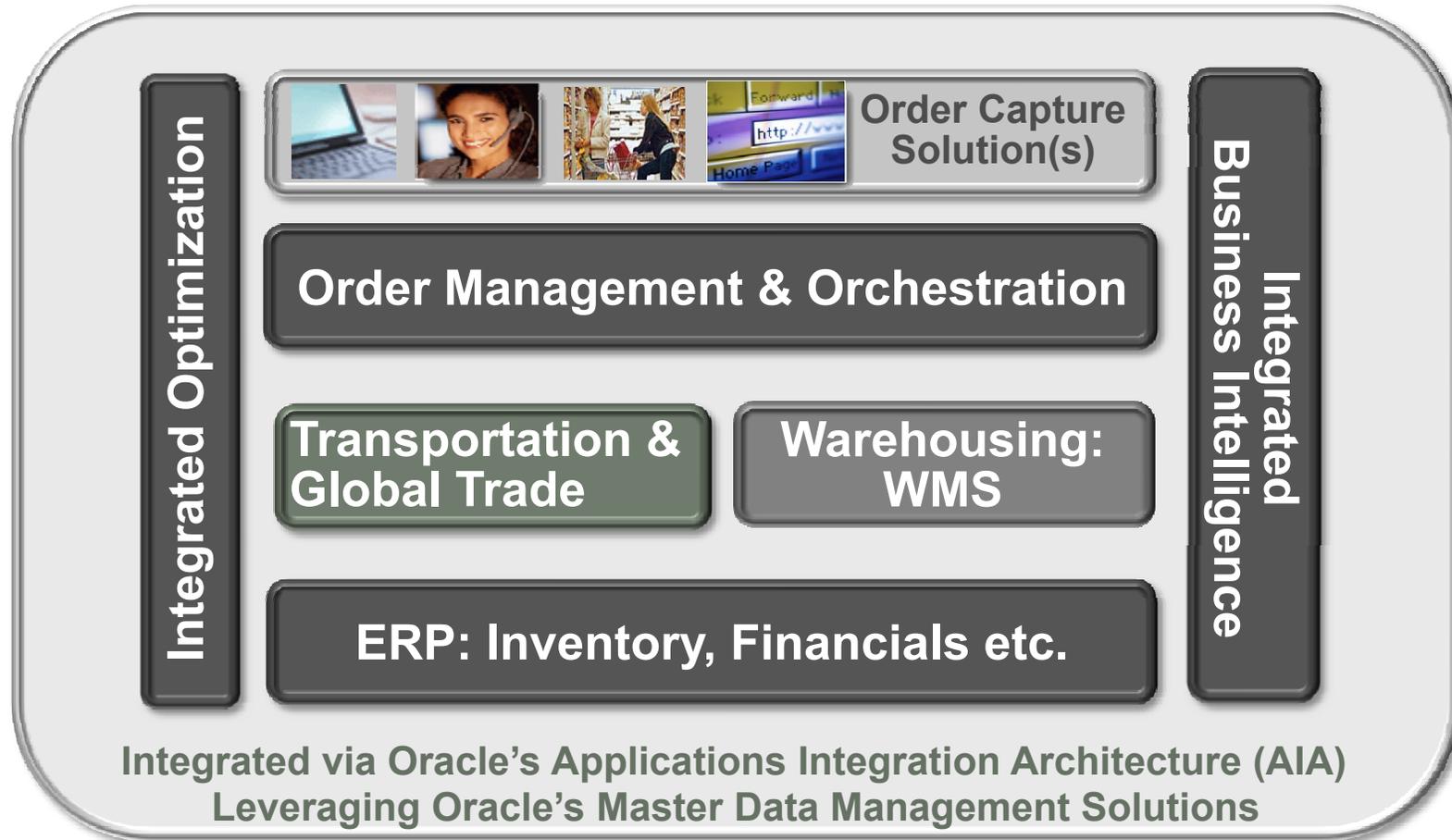
# GTM Recent Customers (Partial List)



| Industry      |
|---------------|
| Life Sciences |
| High Tech     |
| High Tech     |
| High Tech     |
| High Tech     |

# Oracle Value Chain Execution Vision

The Information Driven Value Chain



- ✓ Transaction Integration
- ✓ Process Synchronization
- ✓ Optimization
- ✓ Analytics

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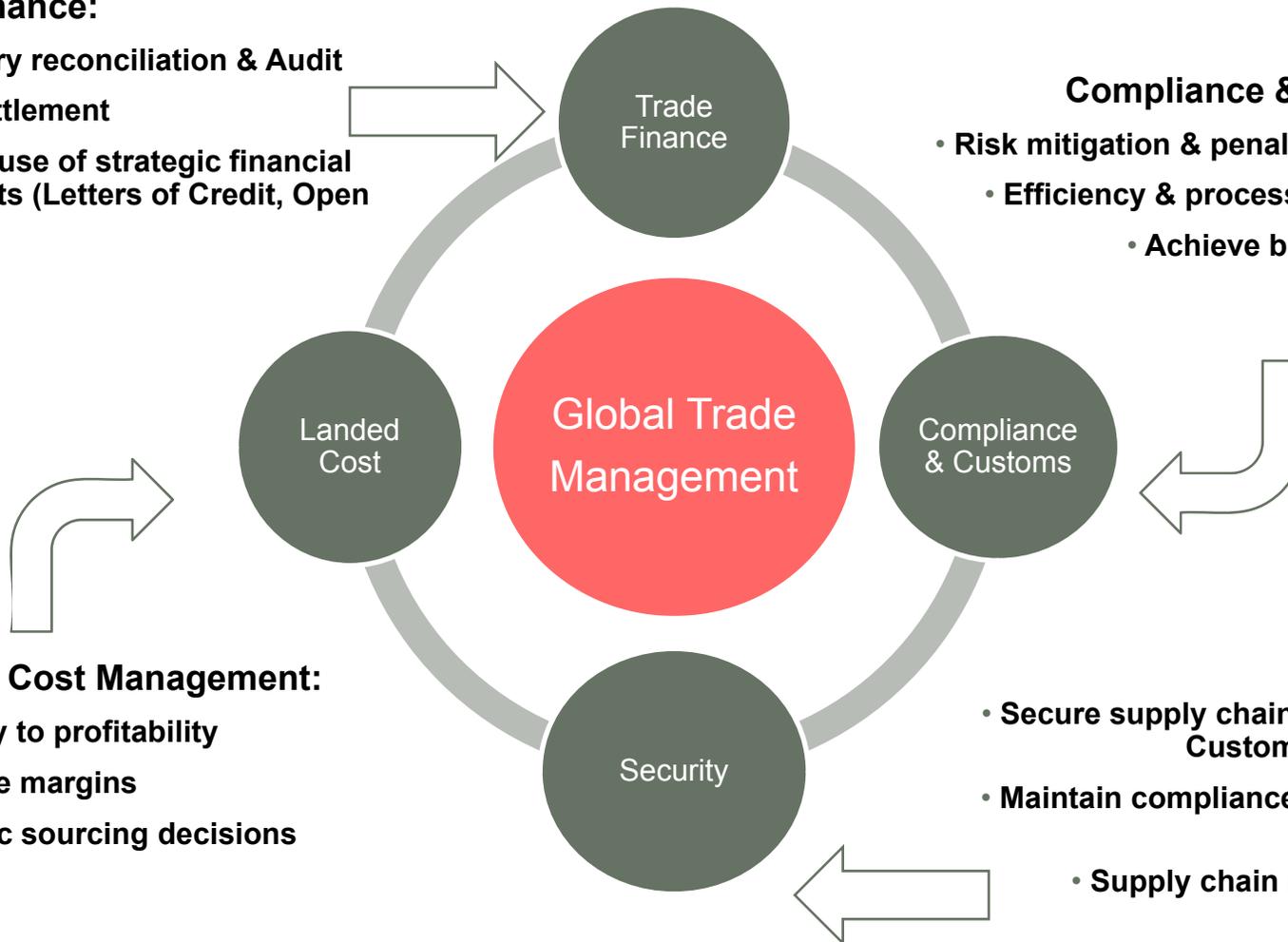
# Oracle GTM Business Drivers

## Trade Finance:

- Post-Entry reconciliation & Audit
- Trade settlement
- Optimize use of strategic financial instruments (Letters of Credit, Open Accounts)

## Compliance & Customs:

- Risk mitigation & penalty avoidance
- Efficiency & process automation
- Achieve best practices



## Landed Cost Management:

- Visibility to profitability
- Optimize margins
- Strategic sourcing decisions

## Security:

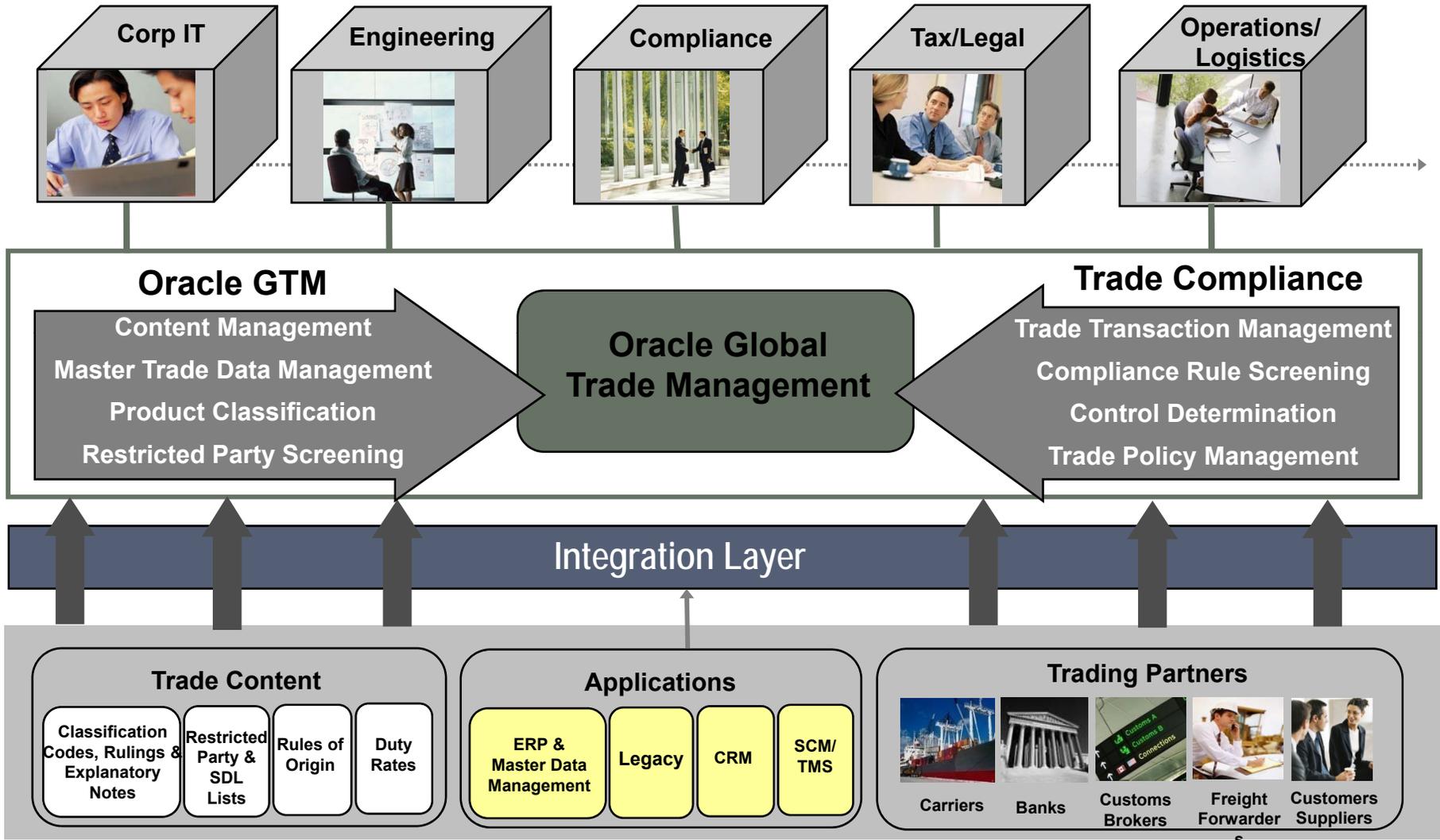
- Secure supply chain strategies for Customs preferences
- Maintain compliance with Security initiatives
- Supply chain risk mitigation

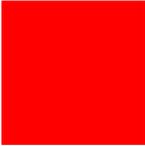


## GTM Product Strategy

- GTM Target Vertical Markets
  - High Tech
  - Industrial Manufacturing
  - Life Sciences
  - Retail\*
- Compete & Differentiate
  - Global compliance model (support any country/group rules)
  - Single platform for global trade and transportation
- Solicit Early Customer Support
  - **GTM Strategy Council (Direction/Validation)**
  - Strategic Implementation Partners

# Oracle Global Trade Management

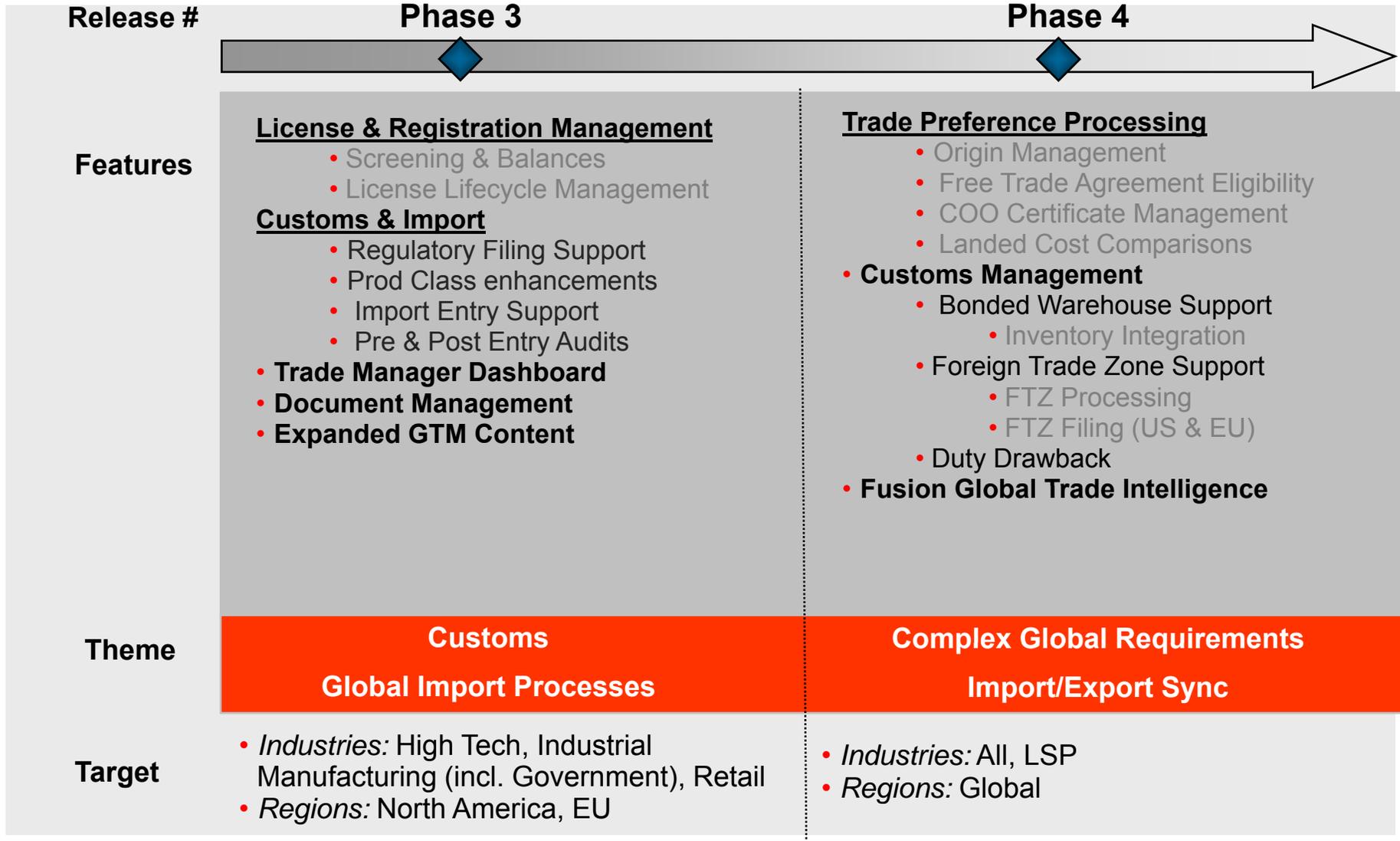




## GTM 6.1 Release Overview

- Deliver native global trade & transportation platform
- Centrally manage trade compliance globally
- Customer satisfaction
  - All Oracle solution
  - Total cost of ownership (TCO)
- Technology/Architecture
  - Capitalize on OTM infrastructure

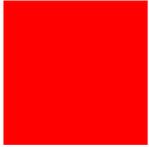
# Oracle GTM Roadmap





## Benefits of End-to-End Process Automation

- Reduce Costs & Find Cash
  - Reduce operational costs: central control of information & processes
  - Improve supply chain by playing offense instead of defense
- Drive Process Efficiency
  - Single system for data management = strategic planning opportunities
  - Overall improvement in compliance with global trade regulations
- Mitigate Compliance Risk
  - Facilitate high-level review and identification of business issues
  - Predict & sustain trade compliance activities (exceptions only)



# Questions & Answers



# Contact Information



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