White Paper

A Guide to Selecting a Global Trade Management System

Features Importers and Exporters Should Require in GTM Technology

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A GUIDE TO SELECTING A GLOBAL TRADE MANAGEMENT SYSTEM

THE BIG PICTURE

The very first question any firm contemplating the acquisition of a global trade management (GTM) application must ask is: What do we want to do? That is, the company must identify what specific business processes the GTM system will address. Do you want to control your own compliance efforts? Do you want to communicate electronically with your business partners and logistics providers? Do you want to set up and run a foreign trade zone? Understanding the scope of intended operations helps define your technology requirements.

Part of this definition process draws from current practices as well as company strengths and weaknesses. Strengths relate to resources – human and capital. Weaknesses address the same set of factors and more.

Many companies mistakenly emphasize content acquisition, purchasing information for harmonized tariff codes, documentation requirements for every country in the world and so on. Yet, content in and of itself provides limited value. While comprehensive, up-to-date content is an important requirement in purchasing a system, it is not a substitute for technology. Far too often, firms rely on Excel spreadsheets as the "technology" to power their content, and they draw information from multiple silos. Nothing is integrated, and opportunities for error run high. The human capital cost is expensive, as is the risk company operations face should qualified staff decide to leave.

Take stock of current back-end systems and their use, too. Is there an enterprise resource planning (ERP), warehouse management, material requirements planning or other system in use? More important, are you currently trying to manage global trade with one or more of these systems? Technology should be used for its intended purpose. When it comes to global trade, these systems generally do not have the functionality needed to assure that importing and exporting operations are totally compliant.

Another facet involves determining the true cost of not using technology to conduct global trade. To calculate this cost, examine each link in your global supply chain and estimate the time, money, fines, etc. that inefficient manual or adapted processes cost your firm every day. This determination will not only help justify the GTM purchase at the C-level, but also provide a realistic glimpse of the operational value a GTM solution will add. Your findings also identify the parameters of your budget.

For example, GTM software provides real-time visibility of product movement, allowing firms to spot supply chain holdups or recognize excessive costs related to compliance and logistics. GTM systems also allow companies to compare sourcing locales and realize the advantages arising from lower labor costs, more favorable trade agreements or better transportation options.

GTM solutions allow management by exception, meaning that the system can automatically generate all the documentation required for compliant trade on its own. It will issue alerts for missed deadlines, problems or activities that falls outside defined parameters. Human intervention is limited to responding to these alerts and instituting the appropriate corrective action.

Last, consider the future. When companies see the benefits their new GTM system confers, other ways in which automated compliance can benefit trade will become apparent. So, when looking at GTM providers and their product offerings, a preferred GTM provider will be one that offers the functionality you will need for your envisioned future footprint. Ensure that the vendor offers most (80%) or all of the technology pieces you think you *might* need later, that these pieces integrate with the system being purchased and that they sit on a single database. This way, when your GTM needs expand, you won't have to search for other pieces of technology and endure integration problems and the associated high costs. Among the functionality to consider for tomorrow are modules for Import/Export Compliance, Homeland Security and Foreign Trade Zones.

REQUIRED FEATURES

Having defined your requirements on a broad scale and given thought to future plans, the next focus is identifying system features available in the marketplace that prospective purchasers should consider "must haves." Eight items comprise essential functionality the GTM system must possess to be considered a viable option for your firm.

1. *Compliance Database*

A compliance database is crucial for managing products. It ensures that all the Customs and Border Protection (CBP) regulations, tariff codes, binding rulings, manufacturing information, packaging, pricing and much more pertaining to those products reside in one place.

Many companies rely on an ERP system to serve this purpose, but such systems only contain about 20% of the information needed for total trade compliance. While it is true that some ERP providers offer a GTM module, they can be incredibly costly. The customization process can be lengthy and disappointing at best. Plus, ERPs lack automated broker interface (ABI) connectivity in most instances. Once again, it is a matter of using the technology specifically designed for global trade rather than trying to adapt systems not intended for that purpose.

The importance of this database manifests itself when a firm is manufacturing the same product in several different countries. Each country has its own rules and regulations. A compliance database keeps track of the specific requirements by product and by country and automatically updates content when changes occur, assuring the required compliance documentation is produced with new tariff codes or rates, for example. Then, too, compliance database simplify across-the-board price changes whether you have 500 or 500,000 products.

Without a compliance database, how do you screen incoming orders if you are an exporter? How do you ensure you are not doing business with a denied party if you are an importer manufacturing in multiple countries? Consider, too, are you missing out on the efficiencies the Customs-Trade Partnership against Terrorism (C-TPAT) confers?

2. *Multiple Integration Points*

In looking at a GTM solution, ensure it can integrate easily with all your back-end systems, allowing information flow. Look for vendor certifications that speak to the firm's qualifications and expertise as well as system certifications that convey, for example, that SAP certifies the solution for integration with the SAP® ERP application.

3. *ABI Connectivity*

When CBP certifies a vendor's software for its automated broker interface (ABI), importers can directly file electronic data with Customs. This certification opens up a whole new GTM environment to a firm, allowing it to control every step from product production to market sale. At a firm's option, it can file itself or electronically communicate with its broker. Better still, ABI connectivity ensures your GTM system receives real-time updates from CBP and always operates using the latest compliance requirements, harmonized tariff codes, tariff rates and so forth.

4. *Flexibility*

Flexibility is a major factor, because the importing and exporting environment changes often and quickly. As it does, your business model might need to change. Thus, your GTM system must be configurable and easily adapt to new business processes. Systems that are not flexible may be very expensive to reconfigure. In the worst case scenario, if the system cannot grow in the same direction as your company, it will become obsolete and need to be replaced. So, from both a cost perspective and learning curve considerations for system users, it is really important to find a GTM system that has that flexibility to adapt to business model changes.

5. *Automation*

You want a GTM system where all the basic functions are automated and intuitive. Automation speaks to the system's capability to perform the security checks, do the validations, index the information and automatically populate and generate all the trade documentation needed. *Intuitive* means the GTM solution should enforce your unique business processes and procedures and automatically issue alerts if a compliance problem exists. For example, if your business procedure requires that invoices contain harmonized tariff codes, the GTM solution should automatically recognize when a vendor omits codes from an invoice and issue an email alert. Exception notifications allow users to correct the issue or enter an override that allows the process to proceed with full appreciation of any and all problems.

6. **Web-Based System**

A web-based system is preferable. "*Web-based*" means different things to different people. Some equate web-based with a hosted system. Others define it as a system written in a web-based language that can be purchased and self-hosted behind a company's firewall (private Cloud). Still others consider it an Internet-based system where key supply chain vendors can enter information remotely and securely. The optimal system is all three.

7. **Document Warehouse**

Every GTM system should have a document warehouse with a document management abstract. Trade transactions generate numerous and diverse documents that should be indexed and stored for quick reference and access, as required. A document warehouse facilitates these actions.

8. **Reporting & Query Tool**

The GTM system should come equipped with its own reporting and query tools that allow the firm to develop ad hoc reports and conduct non-standard queries. Otherwise, every time a new report is desired – or a new type of query function envisioned – the firm will have to return to the software vendor to program these requirements. Since changes in business needs are inevitable over the software's life cycle, programming costs to address new requirements could be substantial.

ABOUT QUESTAWEB

QuestaWeb, Inc., based in Clark, NJ, is a premier provider of integrated, Web-based GTM solutions. Our business model unifies import, export, logistics, compliance and financial processes including U.S. Customs clearance, foreign trade zone, landed costs, Harmonized Tariff Schedule classifications, export licensing, denied party screening, product catalog, tracking, event management and international document repository. Our centralized global database maintains up-to-date compliance content and supports multiple languages, currencies and time zones.

QuestaWeb was one of the first companies certified by U.S. Customs for electronic connectivity initiatives. The company's flagship product, TradeMaster^{QW} GTM System, proactively manages export and import processes for importers, exporters, forwarders and brokers. It accelerates the flow of goods across the global supply chain, reduces inventory and operating costs and ensures compliance with ever-changing cross-border regulations.

QuestaWeb distinguishes itself in the marketplace by its ability to customize its solutions to meet complex, customer-unique business processes. QuestaWeb is certified for SAP interface, integrates seamlessly to most ERP and WMS systems, and can be acquired as SaaS or purchased.

QuestaWeb clients include national and international companies from every industry vertical, including leaders in the automotive, pharmaceutical, apparel, chemical and electronics industries. QuestaWeb now offers a unified United States-Mexico trade compliance solution and will soon release a solution for Canada, positioning QuestaWeb's integrated system as a global trade compliance solution for all of North America.

QuestaWeb operates in three separate business market segments. The firm's roots reside in customs brokers and freight forwarding, and the lessons learned there provided the knowledgebase necessary to transition the firm into the import/export (GTM) and Foreign Trade Zone (FTZ) markets. QuestaWeb offers specific applications within each segment, as well as solutions that cross all segments such as the PCM^{QW} module (compliance database), reporting and global visibility tools, and dashboard offerings.

- *Importers & Exporters:* This division services the import/export compliance area. Major companies integrate their ERP systems with their QuestaWeb solution for their global compliance related to vendors and products. Primary product offerings include the automated and integrated Importer^{QW} and Exporter^{QW}.

- *Customs Brokers & Freight Forwarders:* QuestaWeb's in-house licensed customs brokers and automated solutions daily support customs house brokers (CHB) and freight forwarders (FF) in their activities in support of their clients. Primary product offerings include the following modules: CHBQW, Import Security Filing (ISF^{QW}), ACEQW, Accounting^{QW} (complete accounting solution designed for brokers & freight forwarders), ImportFF^{QW} (break bulk), ExportFF/AES^{QW} (consolidation), dynamic Track & Trace^{QW}, Ad Hoc Reporting^{QW} and more.

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- *Foreign Trade Zone Operations:* Compliance is of utmost importance in FTZs, especially when it comes to virtual inventory. Products enter the FTZ in layers and leave in layers, all the while subject to strict compliance regulations regardless of whether the FTZ serves as a distribution center or a manufacturing area. The FTZ^{QW} module automates admissions, warehousing, distribution, manufacturing, product master, electronic in-bond reporting documentation (CF214, CF216, CF3461, CF7501, CF7512, etc.) and more.