

# Tradeflow<sup>®</sup> ROI



Tradeflow customers have seen improvements to their compliance and supply chain process in different ways. The goal of using Tradeflow is to have a platform, around which you can build a solid compliance program. Contained on this sheet is an example of how one particular customer realized significant value from its Tradeflow subscription.

## **Scenario – Importer Security Filing and Missing HTS Codes**

The largest small-box discount retailer in the United States with nearly \$12 Billion in sales works with Expeditors to file formal customs entries as well as the importer security filings (ISF). The client also uses Tradeflow's Product Management Centre – a centralized parts database available via the web – to manage all SKUs imported into the U.S.

Tradeflow provides an application to access Harmonized Tariff Schedule (HTS) codes and communicate this information out to vendors, including Expeditors. All relevant compliance information – the HTS, FDA flags, Antidumping Cases, Country of Origin and more – is thus available by the Expeditors Customs team.

In 2009, with the official rollout of the U.S. ISF program, this discount retailer – like all U.S. importers – now had to ensure it was providing classifications to Expeditors much earlier in the supply chain. Specifically, the rule states that a security filing must be made 24 hours prior to loading of containers at the port of origin.

Very often, Expeditors went to submit the security filing to Customs but there were many items not classified (i.e. missing the HTS). Expeditors then requested these classifications from the importer and waited to receive them. The result was extra communication and potentially delays in the shipment, if the HTS was not provided in a swift manner.

To combat this problem, in the middle of 2009, the importer reached out to Tradeflow to look for solutions to ensure items get classified much earlier. Tradeflow recommended that we receive purchase orders from the retailer and compare those POs against the Tradeflow Product Management Centre database. When items were discovered on the PO but were not in Tradeflow, those items were added, along with the item description. In addition, Tradeflow pulled the "Last Ship Date" field from the PO and added this to Tradeflow.

The retailer was then able to pull up a saved search of items added by the PO comparison, and prioritize the items by the Last Ship Date, focusing on the items shipping sooner than later. Over time, it was able to target items not yet classified, so that this all happened much further upstream than at the time of filing.

The result is that in Q1 of 2010, Expeditors processed 1,470 ISF entries for this client. Of those entries, only 15 of them needed to have an HTS code updated in order to avoid a delay for the filing. In the year before, that number was significantly higher. The implication of avoiding delays is significant for the future of how U.S. Customs will enforce ISF. Penalties will be assessed up to \$5,000 for each late file. Besides the threat of penalties, the time saved alone by the customer to not devote staff to chasing down classifications at the last minute made the implementation of this process worthwhile. It further enhanced the relationship with their broker, Expeditors.

This PO comparison and upstream classification implementation was all done with little to no cost to the client. The Tradeflow subscription was a fixed monthly cost, and the cost did not change based on the new process. There was time invested early in the setup to make the process work, and to learn how to prioritize classifications, but otherwise, the process is now automated and is routine for the importer to manage.