



it news

THE OFFICIAL NEWSLETTER OF TECHNOLOGY SOLUTIONS

MARCH 2006



Challenges in Global Trade Management Are Abundant New Breed of Software Promises Increased Visibility and Control

By Rick Ludolph, President, Productive Solutions LLC

With the fashion industry fully embracing the global sourcing model, the quest for ever-lower costs and higher performance business partners continues to add complexity in the supply chain. While some companies are enjoying tremendous benefits from their global business activities, many others are struggling as the money they expected to save through sourcing ends up getting spent on unexpected supply chain costs. One thing is clear; as the volume of cross-border trade accelerates, the ability to effectively manage global trade becomes a major factor for success.

In addition to traditional trade management issues, rapidly changing trade rules, tariff structures, and security initiatives fuel increasingly complex trade, financial, compliance, and logistics challenges. According to general industry estimates, a single global shipment can require approximately 35 documents, be touched by 15 parties, and require 200 data elements to be keyed in multiple times. Failure to properly comply with all regulations carries the risk of delays, fines, penalties, or even legal ramifications.

The good news is that many of the complexities and challenges of global trade can be solved through use of new technologies that help establish better controls and improve visibility into supply chain activities. The opportunity lies in automating the entire international transaction, from order to delivery and financial settlement. Earlier supply chain management systems are not specifically focused on global trade; and EDI and supplier portals fail to address the full scope of today's trading activity. This left companies to manage these important business transactions through traditional point-to-point communication tools such as phone, fax, and e-mail.

Today, a new breed of global trade management (GTM) software promises to connect and automate the entire trading network through online e-business tools. Although each of the growing number of solutions in this space offers its own unique value proposition, GTM software generally aims to streamline global transactions and reduce the cost of compliance by automating manual procedures, eliminating data redundancy, and reducing errors. They also help to integrate the physical, financial, and informational flows by providing workflow tools that help manage orders, match documents, resolve discrepancies, track shipments, and automate payments; among other tasks.

GTM systems typically replace the volumes of printed materials and isolated spreadsheet applications that companies have used to manage their processes. They replace the inefficient paper trail with organized and accessible information; the perfect solution to addressing potential customs or financial audits. By leveraging the power and accessibility of the internet, these systems overcome the lack of information technology infrastructure in many of the countries where fashion companies trade. By improving controls and visibility, GTM systems will help companies increase supply chain efficiencies, improve customer satisfaction, reduce risk of non-compliance, and better control costs.

For those interested in learning more about the capabilities and benefits of GTM solutions, AAFA's Supplier & Resource Division will sponsor a special program, ***When Logistics Goes Strategic! - Advanced Practices in Enterprise Logistics*** on Wednesday, April 5 from 9:00 -10:00 A.M. at the Material World/Technology Solutions event in Miami Beach. The program highlights three case studies of leading fashion companies that have implemented GTM and other strategic technologies to reduce costs and increase flexibility in transportation, finance, compliance, and distribution.

Productive Solutions, LLC is an Atlanta-based consulting firm providing actionable advice and measurable results through business strategy, technology guidance, and enterprise consulting services. Contact Rick Ludolph at r.ludolph@productivesol.com.