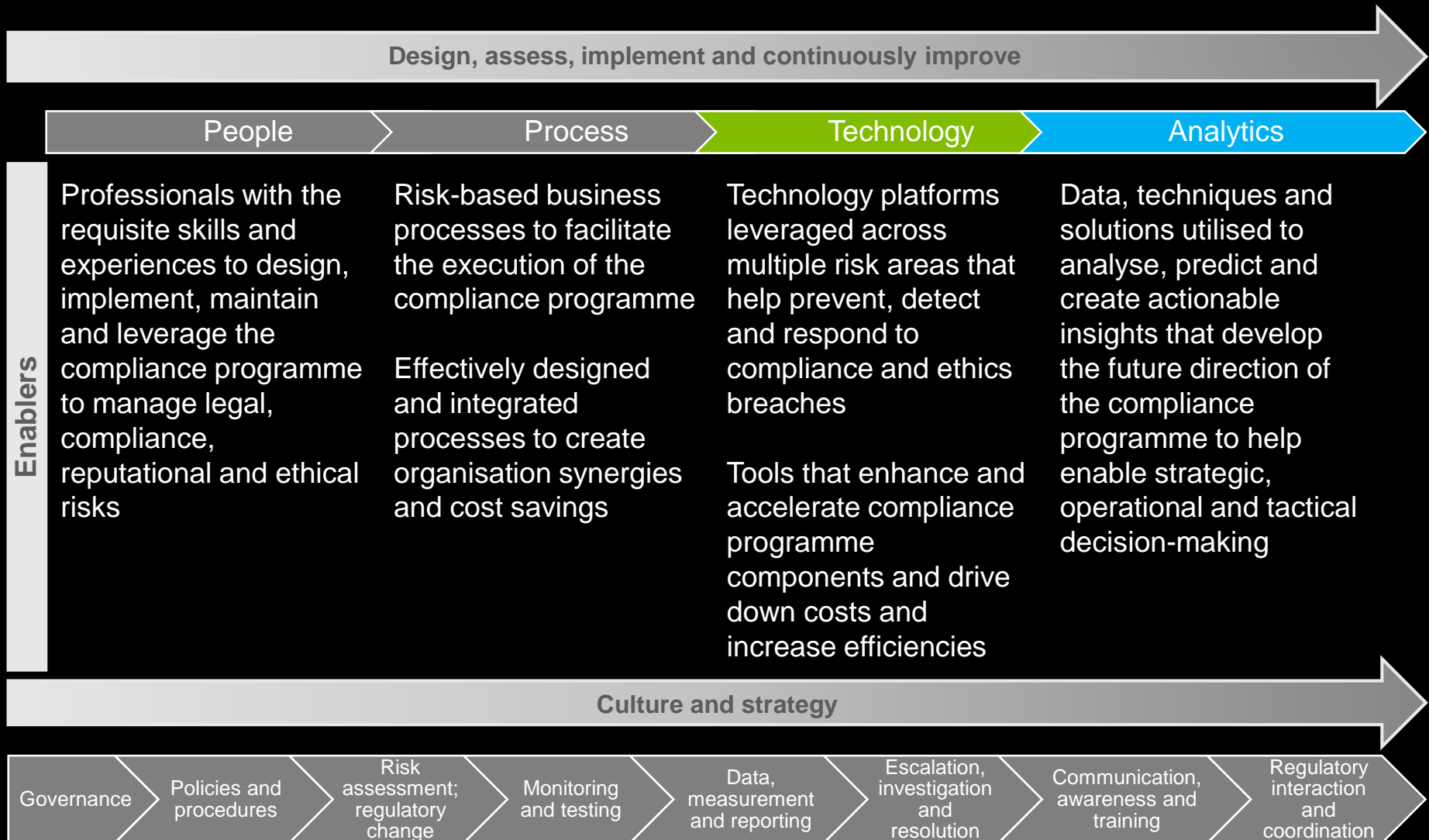


Automation of Export Controls

November 2017

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Compliance Risk Management Framework



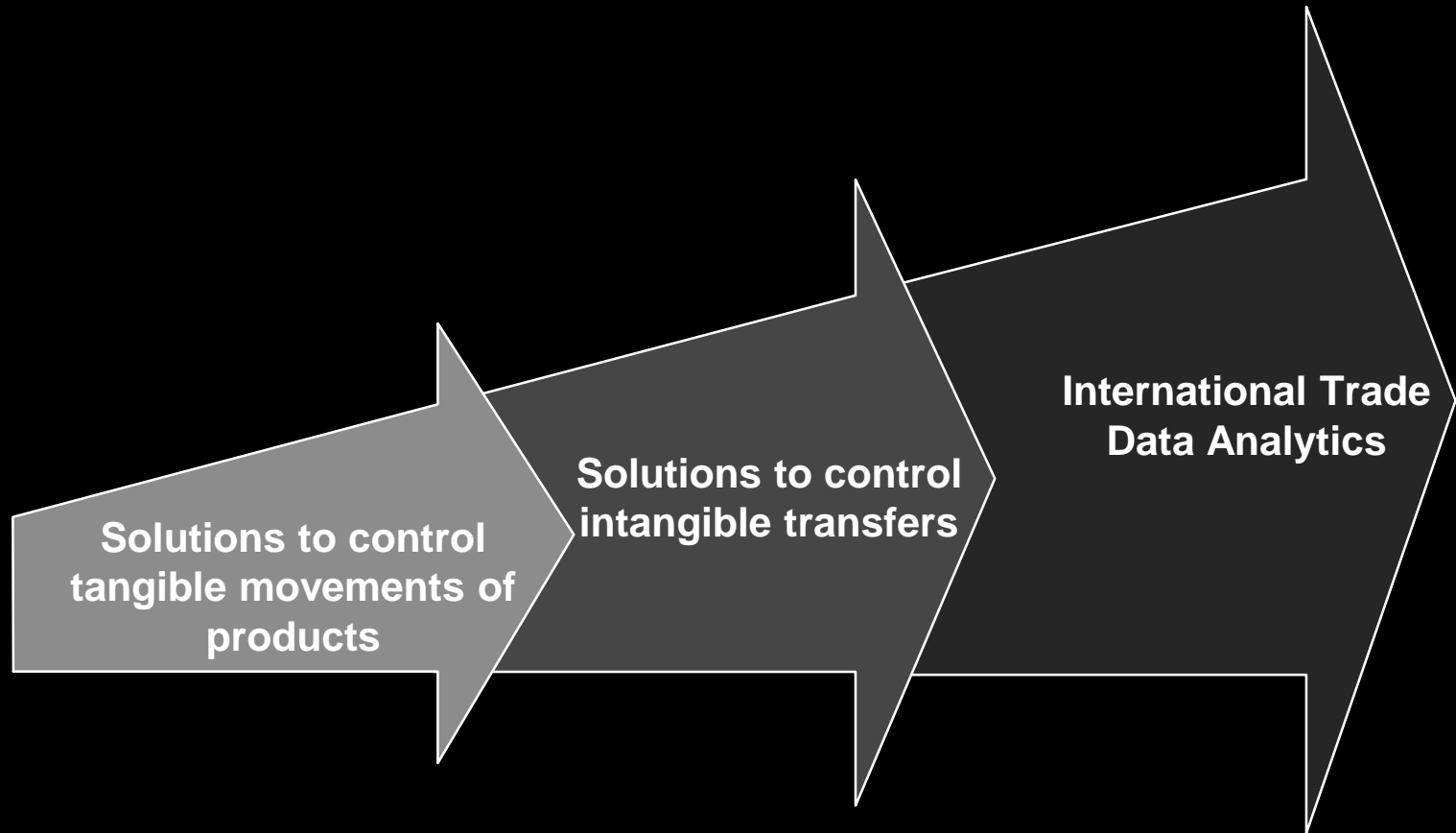
Global Trade Management

The need for automation



Global Trade Management

Evolution of technology to manage trade compliance



Global Trade Automation

Solutions to manage tangible exports

There are several software solutions designed to enable companies to manage tangible exports. Examples of service providers in the market include:

Some of the key solution providers

- SAP Global Trade Services
- Oracle Global Trade Management
- Amber Road
- Integration Point
- Precision Software
- One Source
- Descartes
- MIC

Key functionalities

- Restricted Party Screening
- Product classification
- Export management (i.e. License determination and management...)
- Customs / Import Management
- Duty Relief Schemes & Trade Preference Management
- Customs E-Filing
- Content management
- Global Reach

(Please note that the above list is provided for illustrative purposes, and is not a comprehensive list. Deloitte has not independently reviewed each solution, and provides no assurances regarding their functionalities or effectiveness.)

Understanding the solutions' functionality, strengths and weaknesses is critical

Global Trade Automation

Solutions to manage intangible exports

There are several software solutions designed to enable companies to protect their intellectual property and export-controlled technical data. Examples of service providers in the market include:

Some of the key solution providers

- Nextlabs
- Titus
- Symantec
- Boldon James
- OpenText
- Brainloop
- Other solutions such as PLMs, MS software (e.g. Sharepoint, Office 365), and Cloud Service providers have enabled export management functionality

Key functionalities

- Centralised access management
- Metadata tagging
- User activity monitoring and reporting
- Marking of controlled data
- Document classification
- Data Loss Prevention
- Secure file transfer
- Automated audit trails
- Data analytics

(Please note that the above list is provided for illustrative purposes, and is not a comprehensive list. Deloitte has not independently reviewed each solution, and provides no assurances regarding their functionalities or effectiveness.)

Understanding the solutions' functionality strengths and weaknesses is critical

The future of compliance

As the digital landscape evolves, embracing and leveraging emerging technology will play a key part in driving a more efficient and rigorous compliance function:



Big Data – Managing swelling streams of unstructured data captured by enterprises, social media, multimedia and Internet of things to fuel analytics. Enables prediction of emerging compliance risks and provides personalised, tailored MI through data visualisation tools.



Robotics Process Automation (RPA) - “Taking the ‘robot’ out of the human” through elimination of mundane, repetitive, logic-driven tasks from the human process involved in processes and procedures. RPA and cognitive solutions eliminate the need for manual validation and reconciliation.



Cognitive Machine Learning - Identifies threats and “learns” to mitigate risk prior to occurrence. Coupled with cognitive computing it can identify changes required to ensure ongoing compliance to existing or new regulations.



Blockchain - Could be leveraged to create private networks to perform a number of activities e.g. third party due diligence / KYC, verification of transactions and submission of reporting to regulators.

Blockchain Overview



Robust Distributed Database

All parties share the same data and data is replicated



Secure

Authentication and identification via highly-secure cryptography



Immutable

Unchangeable audit trail with time stamps



Programmable code + data

Data and execution code representing contracts can sit coherently in the same distributed database

Application Areas



Recordkeeping

- Create an immutable shared record without reliance on a trusted third party

Company A



Regulator



Examples:

- Regulatory information
- Know Your Customer



Transfer of Value

- Enable low-cost, near real-time value transfer without an intermediary

Transfer Triggered



Asset Received



Examples:

- Transfer of digital assets
- Payments



Smart Contracts

- Programme shared data and code to execute transactions when a set of pre-determined conditions are met

Event occurs



Payout received



Examples:

- Event triggered payments
- Contract management

What can compliance leaders do?

In this digital era, a compliance function will need to embrace new digital tools to enable better risk management. Some key considerations include:

- Embrace the digital era and adopt new technologies to develop proofs of concept to improve compliance activities
- Tap into data that becomes available through business digitisation and identify opportunities to exploit compliance analytics information
- Consider cyber security protocols throughout the digitisation journey
- Stay up to date on changes in regulatory requirements and influence regulations as appropriate



Questions?



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