



The ROI of global trade management systems

Compliance, efficiency, and cost savings



With rapid changes in global trade regulations, the risk of noncompliance has increased. To minimize compliance risks and improve operational efficiency, adopting a global trade management (GTM) system becomes a compelling choice. GTM systems provide highly customizable tools that assist companies in automating processes and complying with a wide range of global trade regulations and government requirements worldwide.



Why global trade management?

Risk avoidance



- Automation of trade and global supply chain process mitigates exposure to penalties, fines, legal fees and increased duties.
- Increases compliance and standardization across segmented global business processes to show a higher standard of compliance and due diligence.
- Avoids negative publicity and brand damage caused by the public nature of how violations are publicized.
- Complies with ESG-related reporting requirements and net new Supply Chain Traceability regulations.

Efficiency



- Centralizing trade process on a single platform brings staff efficiencies as well as process improvements across the organization.
- Managing by exception increases staff productivity by automating manually intensive tasks.
- A centralized system enables effective full-time equivalent backups for critical processes across multiple countries and business units.
- Decreases cycle times, which positively impacts Days sales outstanding, Order to Cash, and lowers on-hand inventory requirements.

Growth



- Allows scale up in size or out into other regions with limited additional resources.
- Global data supports identifying new cost savings and opportunities.
- Allows for increasing compliance oversight (including flexing to meet the requirements of net new regulations) while minimizing additional resources.

Integration



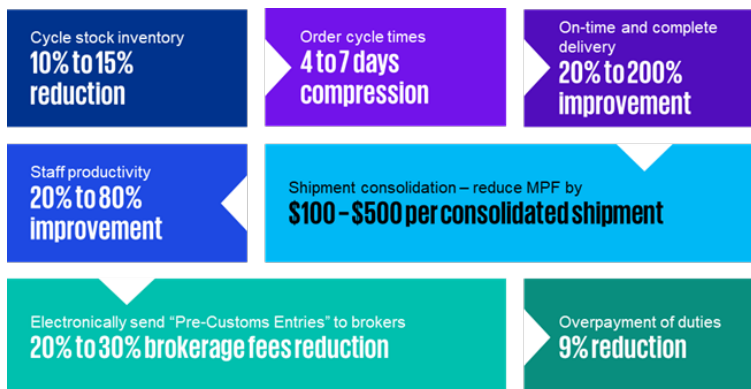
- Integration to back-end systems creates standardized compliance processes while automation minimizes resource requirements.
- Enables and creates top-down and bottom-up key performance indicators (KPIs) and visibility across all aspects of the organization effectively making the trade function c-suite ready from a KPI perspective.
- Data integration into Brokers, Forwarders and Logistics partners drives down transactional costs.
- Provides visibility to goods in-transit, decreasing the risk of disruptions and miscommunication along the supply chain.

Flexibility



- Provides the ability to easily respond to regulatory changes.
- Quickly able to identify and react to executive data requests that impact finance, tax, sourcing, and supply chain-related decisions.
- Able to respond faster to new trends in the market and the customer demands.

By leveraging an automated system, global trade professionals can significantly reduce the time spent on manual, non-value-added tasks. The time saved empowers global trade compliance teams to pursue operational excellence, identify cost-saving opportunities, and concentrate on navigating regulatory complexities rather than administrative tasks. Below are some of the areas of improvements and range of benefits on savings in costs and time by using a GTM system:



GTМ operational metrics-based return on investment example

The following improvement ranges demonstrate efficiencies to be realized, along with an approximately 50 percent reduction in manual effort, by automating using GTM for a company with \$2 billion revenue:

Value driver	Improvement range	Benefits	Savings examples
Operational productivity	20%–80%	Automate processes and refocus responsibilities	\$300,000 per year
Refocus responsibilities	50%–70%	Automate export/import controls screening and document generation	\$1 million per year
Reduce brokerage costs	40%	Automate import filings	\$1 million per year
Reduce IT/license costs	75%–100%	Eliminate need for fragmented ad hoc screening	\$100,000 per year
Reduce FTA management operational cost	10%–30%	Optimize savings by minimizing reliance on third-party support	\$100,000 per year

In this case, the annual operational savings amount to roughly \$2.5 million, which accumulates to \$12.5 million over five years. This illustrates a significant opportunity for companies to capitalize on and generate substantial savings.



Consequences of noncompliance

Noncompliance of rules and regulations may lead to substantial financial consequences, including penalties, fines, legal costs, and potential loss of full-time employees needed to support the legal review process. These are some of the consequences for export violations.



Agencies and regulations



Criminal penalties



Civil penalties



Nonmonetary penalties

BIS (Dept. of Commerce)	Export Administration Regulations <ul style="list-style-type: none"> • Fine of not more than \$1M, or if a natural person, imprisonment for not more than 20 years, or both. 	Export Control Reform Act <ul style="list-style-type: none"> • Greater of \$364,992 or 2X value of transaction 	<ul style="list-style-type: none"> • Denial of export privileges • Exclusion from practice • Seizure, detainment, and forfeiture • License denial or revocation • Suspension of right to contract with the U.S. government • Training and Audit Requirements • Negative publicity
DDTC (Dept. of State)	Arms Export Control Act <ul style="list-style-type: none"> • Fine of not more than \$1M, or if a natural person, imprisonment for not more than 20 years, or both. 	Arms Export Control Act <ul style="list-style-type: none"> • For each violation of 22 U.S.C. 2778, an amount not to exceed the greater of \$1,238,892 or 2X value of transaction • For each violation of 22 U.S.C. 2779a, an amount not to exceed \$1,028,998 or 5X value of transaction • For each violation of 22 U.S.C. 2780(k), an amount not to exceed \$1,224,787 	<ul style="list-style-type: none"> • Denial of export privileges • Exclusion from practice • Seizure, detainment, and forfeiture • License denial or revocation • Suspension of right to contract with the US government • Training and audit requirements • Negative publicity
OFAC (Dept. of Treasury)	International Emergency Economic Powers Act <ul style="list-style-type: none"> • Fine of not more than \$1M, or if a natural person, imprisonment for not more than 20 years, or both. Trading with the Enemies Act <ul style="list-style-type: none"> • Fine of not more than \$1M, or if a natural person, imprisonment for not more than 20 years, or both. 	International Emergency Economic Powers Act <ul style="list-style-type: none"> • Maximum of \$368,136 or 2X value of transaction Trading with the Enemies Act <ul style="list-style-type: none"> • Penalty not to exceed \$108,489 per violation 	Seizure or forfeiture of property
AES violations (US Census)	Failure to file/submission of false or misleading information/furtherance of illegal acts <ul style="list-style-type: none"> • \$10,000 per violation and/or 5 years imprisonment 	Nonfiling/inaccurate filing <ul style="list-style-type: none"> • \$10,000 Late filing <ul style="list-style-type: none"> • \$1,100 per day, up to a maximum of \$10,000 	Seizure or forfeiture of property



Choosing the right GTM

In conclusion, the modern market is teeming with a plethora of GTM solutions, each designed to cater to different aspects of global trade functions. The choice of the right solution is a critical decision that can significantly impact your organization's overall supply chain stance. It is not just about selecting a solution that aligns with your global trade roadmap, but also one that seamlessly integrates with your existing information technology landscape.

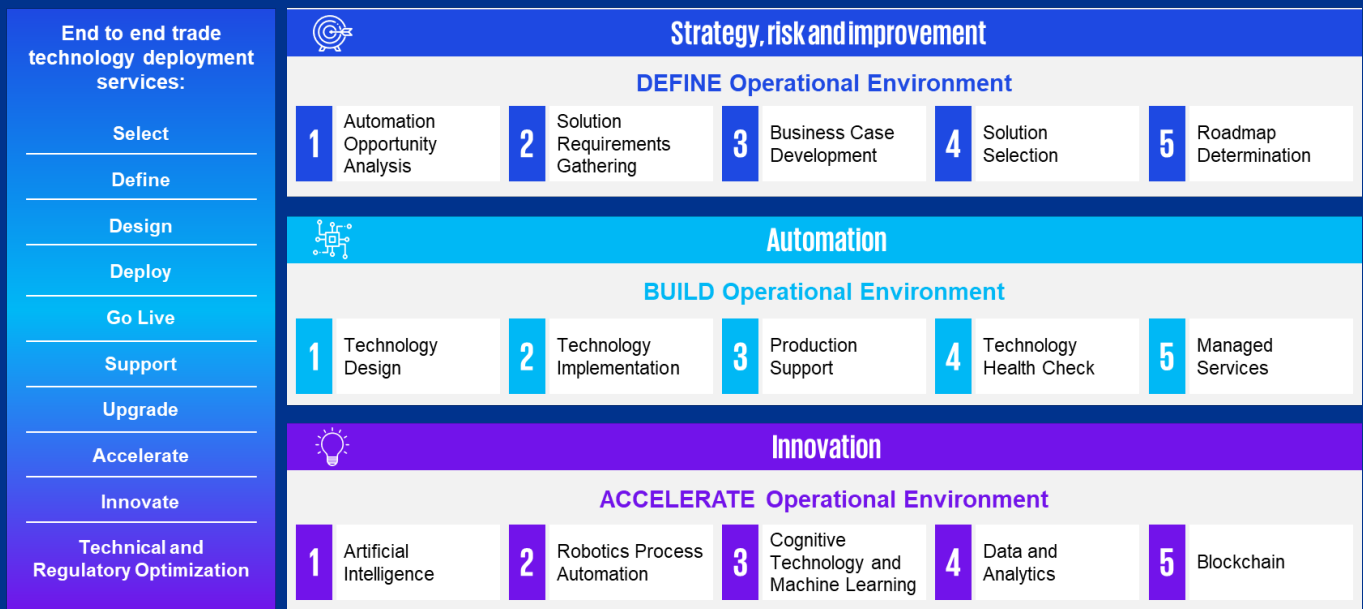
The task may seem daunting, but remember, the right GTM solution can revolutionize your trade functions, streamline your processes, and ultimately drive your business towards unprecedented growth. So, take the time to evaluate your options thoroughly, consider all the relevant factors, and make an informed decision.

The world of global trade is evolving rapidly, and it's time for your organization to step up and embrace the change. Choose the right GTM solution today, and set your organization on the path to success. Your future in global trade starts now. Act wisely, act decisively.



How KPMG can help you

The KPMG Global Trade Technology team brings a wealth of experience in every step of your transformational journey, from strategy enablement and successful business case development to wide-ranging GTM deployment and bringing innovative solutions that go hand in hand with your GTM.

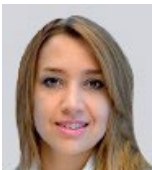




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