

AEB Results

UK Brexit Conference

November 2017: The 8th Annual Compliance Conference by AEB reveals insights and assessments from business leaders across more than ten UK industry sectors on risks, challenges, investments, and opportunities in the area of global trade under Brexit developments and within an overall dynamic and competitive business landscape. Plus: A template for measures and considerations across different areas of business to prepare a 2-year global trade plan of action in dynamic markets.

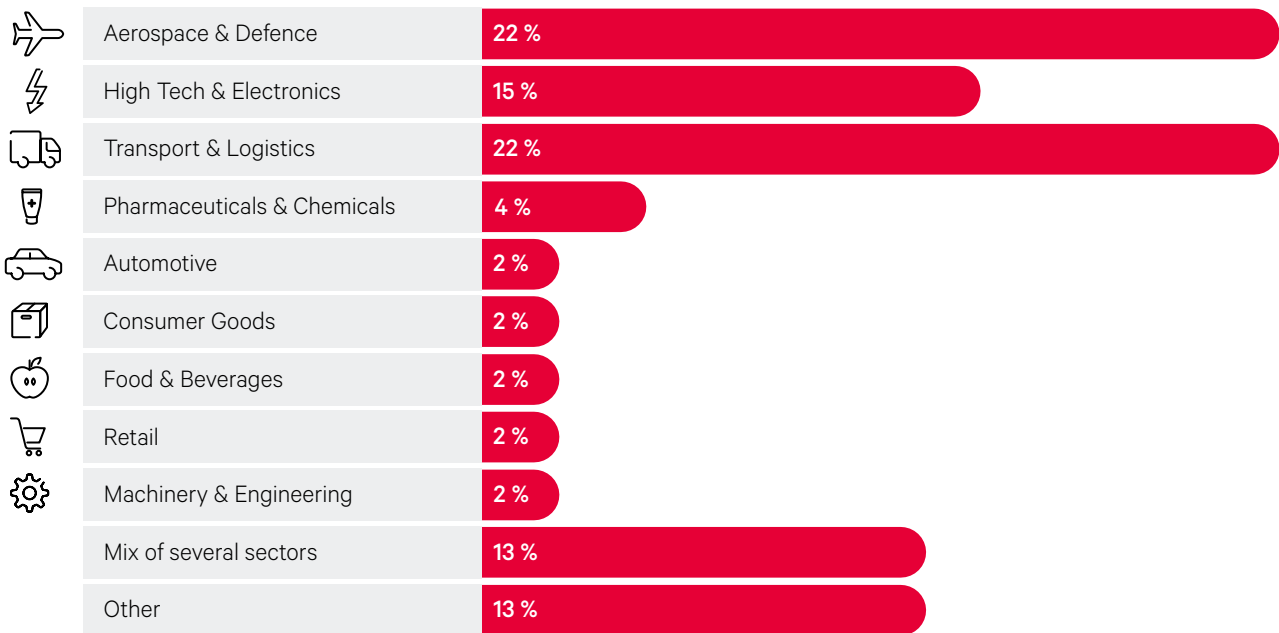
The AEB logo is displayed in a bold, red, sans-serif font in the bottom right corner of the page. The background of the entire page is a photograph of the Big Ben clock tower and the Houses of Parliament in London, with a red double-decker bus in motion in the foreground. A large, semi-transparent purple circle is overlaid on the left side of the image, containing the text and title.

Global Trade Industry Survey

AEB's annual conference in partnership with the Chartered Institute of Logistics & Transport (UK) brings together official government representatives, consultancy firms, business leaders across industry sectors, and solution experts. Its objective is to update forward-looking business leaders on regulatory requirements, industry challenges, and best-practise to run efficient and modern global trade programmes. This year's event took place on 11th October 2017 in Leamington Spa and featured a special highlight on

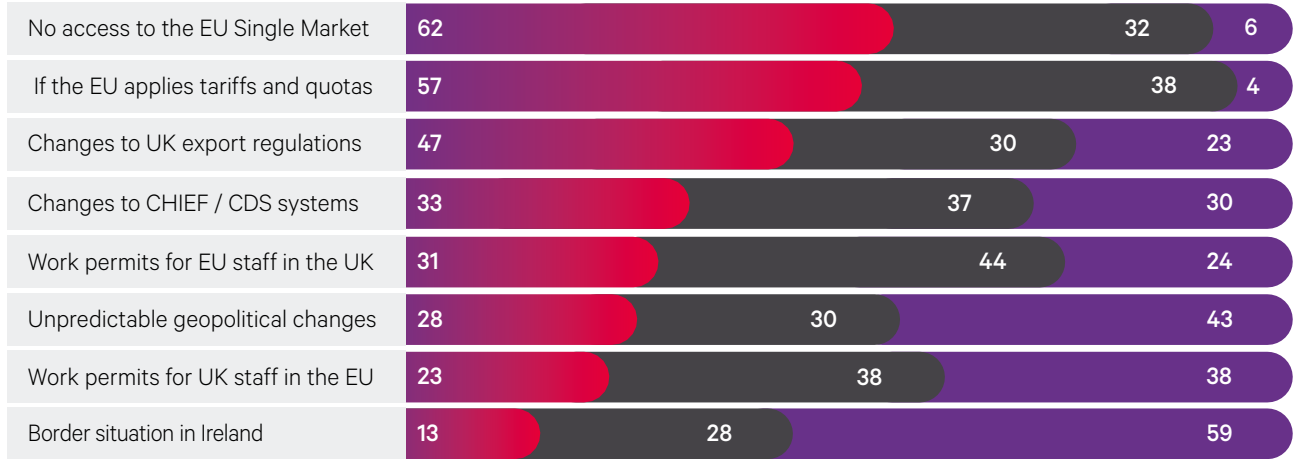
developments under Brexit and resulting impacts on global trade operations. Over 60 industry representatives took part in the information-packed programme and as part of the interactive workshop sequences of the event, they also shared insights on their biggest challenges, risks, investments, opportunities, and their current management of customs procedures. Following are the results of the anonymous industry survey showing the respondents' assessments in all areas with high, medium, and low ratings in percent.

Participating industry sectors



What are the biggest risks to your company?

● high ● medium ● low



AEB comment: Respondents consider “No access to the EU single market” their biggest risk this year with 62%. Compared to last year’s survey results, this reflects a slight decrease (from 66%). Last year, the top risk was “If the EU applies tariffs and quotas” with 74%. This indicates both that work

has begun to consider alternative sourcing options and that businesses see little progress on the side of government negotiations, which is also confirmed by the latest survey results of the Chartered Institute of Procurement & Supply (CIPS) that was released in November 2017.

What are the greatest challenges for your company?

● high ● medium ● low



AEB comment: “Managing increasing complexity and pressure” was rated the greatest challenge for businesses with 45% – the same top challenge as in 2016 with 50%. As complexity and pressures are further increasing in line with challenges driven by, for example, e-commerce, increasing customer expectations, and digitisation challenges, this drop of 5% compared to last year does not indicate that companies no longer struggle with this challenge, but rather that

“Managing expectations” – both external (customers and suppliers) and internal (different business units) – have gained significance, rated by respondents with 42% and 41% respectively, reflecting an increase of 4% from 2016. This indicates that the ongoing uncertainty is taking a toll on businesses, affecting both internal and external relationships and future planning.

What are the key areas of opportunity and investment for your company?

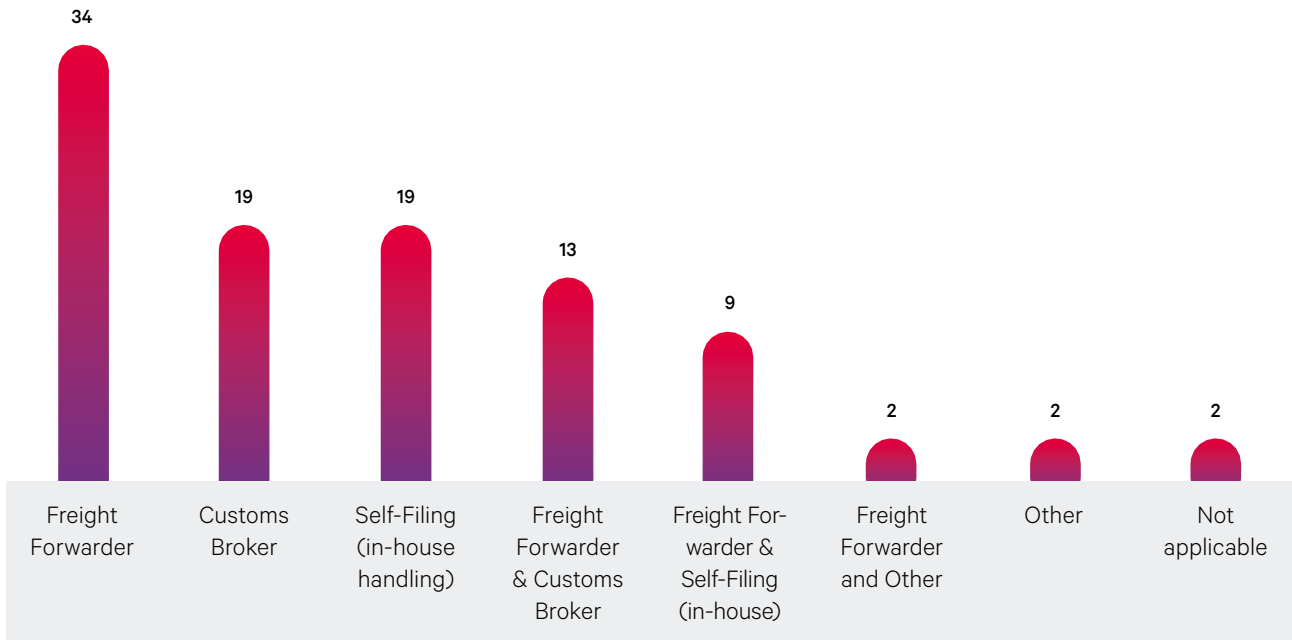
● high ● medium ● low



AEB comment: Respondents cited “Implementing appropriate tools” as key area of opportunity and investment this year (36%), reflecting the most significant year-over-year increase with 7% compared to 2016 (29%). This is very much in line with both digitisation challenges and the drastic skills shortage that the global trade and supply chain management sector is facing. It also indicates that companies’ awareness has increased for the urgency and importance of the right level of automation, integration, and flexibility to ensure

competitiveness and business contingency in dynamic markets subject to uncertainty. The most interesting variance of respondents’ assessment refers to the topic “UK being in control of its own global trade footprint”: this was rated as opportunity in rank 2 in 2016 with 36%, but dropped 14% in 2017 to 22% – strongly indicating that business community perception on the topic has changed which may be based on the slow government progress of negotiations and a better understanding of the challenges involved.

How do you currently manage your company’s customs declarations?



AEB comment: This question was posed for the first time this year hence no year-over-year comparison can be presented. It was included in the survey based on its top relevance for UK businesses working with EU suppliers and customers and

in line with media reports in 2017 on HMRC challenges considering Brexit and the significant increase in customs declarations expected.

Your Global Trade 2-Year Action Plan Template

The conference also featured interactive workshops bringing business leaders with different perspectives together to focus on compiling a template that every company should consider for the different areas of their business when

dealing with significant challenges ahead, particularly as the UK prepares to leave the EU. The results present valuable check-points of preparation that every business needs to have on screen.

Customs

- Review whether AEO is right for your business
- Consider the most cost-effective option for increased declaration volumes (software, freight forwarder, broker)
- Do you need to implement processes to pay/defer taxes at the border?
- Are your systems/processes ready to switch to CDS?
- Are there procedures such as IPR and OPR to consider?
- Do your “sell prices” include duty paid?

Supply Chain

- Are you trading under the correct incoterms?
- Is your supply chain ready to react to border delays?
- Do FTA's affect your supply chain (alternative sourcing)?
- Geographic analyses to ensure current distribution centres are still viable

Employment/Personnel

- Review whether your customs knowledge is fit for business
- Where is your skill gap and plan for development/training?
- How will citizen rights changes affect your future recruitment/retention?
- What systems could be deployed to reduce the risk to skill burden and reliance on personnel?
- Review the levers for outsourcing

Your business engagement

- Educate the business to ensure that there is the legal responsibility for exporter of record
- Who will be accountable for future compliance and audits?
- Implement a cross-functional Brexit team
- Does your business understand the cost-impact of Brexit?
- Do you need to review key contracts in preparation for the EU exit?

Business Data/Tools

- Understand the origin of your product
- Is your IT strategy ready for Brexit?
- Is your product classification up to date?
- How will your ERP maintain and adapt to future changes?
- Is it now time to invest in software rather than seeing freight forwarder costs increasing?
- Does international data need to ring-fence UK data?

Supplier Base

- How many EU suppliers do you have, and have you weighed strengthening the collaboration versus considering sourcing from the UK or other third countries?
- Will your suppliers base correspond to your future supply chain/customer location?
- Are “landed price” purchases going forward the most effective way or are there better options?
- How can technology support your collaboration with suppliers and reduce administrative burden?

Your Global Trade Software Partner

Brexit and the HMRC system transition from CHIEF to CDS highlight the urgency for traders to modernise: with a tremendous increase in customs declarations expected, it's crucial to have flexible and powerful IT solutions in place. On the other hand, new trade agreements are always in negotiation somewhere across the globe and applicable sanctions, bans, and restrictions change all the time. With much uncertainty surrounding global trade for the UK at the moment, it's key for the business community not to wait for final trade agreements following Brexit but set-up a flexible supply chain that can master changes in terms of sourcing alignments and required customs procedures.

In the digital age, with new business models disrupting established markets and e-commerce developments driving customer demands, success in the dynamic environment of global trade clearly depends on smooth customs and compliance processes. Automation of relevant processes and integration of powerful solutions in the overall IT landscape of a business form the required foundation to keep a competitive edge and adapt to market changes as needed.

Software can change everything

AEB software supports more than 5,000 customers worldwide from the industrial, commercial and logistics sectors. They rely on AEB for shipping, exporting, or importing their goods efficiently and in compliance with all rules and regulations. This makes AEB a leading company in one of the most dynamic market sectors: global trade and supply chain management.

Flexibility and automation across the board

AEB's software suite combines logistics and global trade solutions from goods receipt, picking and packing, UK, EU, and US export controls, and multi-country customs processing to shipping, track & trace, reporting, and billing. AEB's flexible products and solutions ensure smooth processes throughout the supply chain: from procurement to production logistics and distribution across international borders.

Contact us to discuss your goals:

www.aeb.com/uk . info.uk@aeb.com . 01926 801250

Upcoming AEB events

Visibility & Collaboration Platform	Order Management	Warehouse Management	Transport & Freight Management	Customs Management	Compliance & Risk Management
Integration platform	Order entry	Goods-in & goods receipt	Shipment consolidation	Integrated global trade management	Global Trade Integration
Scheduling	Qualification	Stock placement, stock transfers, cross-docking	Transport preparation	Import	Restricted party screening
Monitoring	Fulfillment planning & checking	Stock overview & stock checking	Transport orders	Export	Export controls
Alerting	Fulfillment monitoring & controlling	Picking & packing	Freight cost management	Bonded warehouse, IPR, OPR	EU & US regulations
Performance analysis, reporting & KPIs	Assessment & billing	Dispatch & shipping	Freight cost optimization	EMCS, Intrastat, transit procedures	License management
Process & stock visibility		Goods issue	Freight invoice auditing	Product classification	
Time Slot Management		Mobile applications	Freight Management	Origin & preferences	
		Cockpit	Simulations		
			Carrier Integration		

