Trade and Customs Maturity Model

In the ever-evolving landscape of global trade, achieving trade and customs excellence has transitioned from a choice to a strategic necessity. It is imperative to address the formidable challenges faced by organizations that operate in the intricate domain of global trade. The dynamic nature of customs regulations, the complexities of supply chains and the stringent requirements for compliance necessitate a strategic approach to navigate these complexities. At Cognizant, we recognize the significance of addressing the challenges and opportunities that come with this paradigm shift. This document discusses the fundamental pitfalls and challenges encountered in this journey and provides best practices to mitigate them. We will explore the comprehensive Trade and Customs Maturity Model and elucidate the substantial benefits it offers. And we will conclude with a profound perspective about this transformative journey.

Conquering challenges: A roadmap to success

Adapting to the changing commerce rules across countries is a paramount challenge. To mitigate this, we advocate frequent re-evaluation of customs strategies. Our approach emphasizes a continuous, data-driven evaluation to ensure agility and responsiveness. This is not merely about compliance but also a proactive strategy alignment with evolving trade conditions.

Collaboration with third-party customs brokers is pivotal, and it's not merely about ad-hoc engagements. It's about forming strategic partnerships and deeply integrating them into your customs strategy. This ensures both compliance and a strong focus on revenue optimization.

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Trade and customs excellence: Challenges and strategies

Challenges	Mitigation strategies
Evolving regulations: The ever-changing landscape of customs regulations demands a proactive compliance strategy	• Employ robust compliance monitoring mechanisms • Actively align customs processes with the latest regulations • Prioritize regulatory compliance
Risk management: Inadequate risk assessment and mitigation can lead to costly compliance issues	• Deploy structured risk-assessment methodologies • Embrace advanced analytics • Integrate real-time data sources to identify and mitigate risks swiftly
Inefficiency: Fragmented customs processes and inefficient communication between stakeholders often lead to operational inefficiencies	• Streamline customs procedures • Automate data flow • Ensure real-time visibility to expedite customs clearance
Limited integration: The absence of seamless integration between customs and supply chain logistics systems can result in bottlenecks	• Prioritize integration • Automate data exchange • Promote real-time coordination to optimize efficiency
Suboptimal collaboration: Collaboration with government agencies, trade partners and customs brokers is essential for effective risk management	• Establish formalized collaboration protocols • Encourage regular communication • Engage in joint risk assessments to ensure comprehensive risk management
Evaluation of trade conditions and strategies: Changing trade conditions and commerce rules pose significant challenges. Organizations need to frequently re-evaluate customs strategies to align with these shifting conditions	• Harness data and analytics for proactive strategy adjustments • Collaborate effectively with third-party customs brokers • Ensure a well-defined foreign trade strategy aligned with revenue generation objectives • Establish a global trade operating model that promotes consistency and efficiency across different regions

The journey with Cognizant's Trade and Customs Maturity Model

Building a well-defined foreign trade strategy that harmonizes with revenue objectives is the cornerstone of our approach. We emphasize comprehensive, tightly aligned strategies that optimize revenue opportunities, setting clear paths for growth.

Furthermore, a global trade operating model is instrumental. It brings uniformity and efficiency to customs operations across various regions. We don't just advocate standardization; we seek to incorporate advanced practices for exceptional efficiency and revenue alignment.

Pillars of the maturity assessment

Regulatory compliance: Spanning from basic compliance to leading-edge transformation, this pillar focuses on maintaining compliance with evolving regulations, implementing agile compliance monitoring and integrating advanced systems to ensure proactive adaptation.

Risk management: Rigorous risk assessment methodologies, advanced analytics and real-time data sources are pivotal. We employ continuous risk assessment, scenario analysis and proactive risk management to anticipate and respond to emerging risks effectively.

Process efficiency: Streamlined processes, real-time visibility and collaborative stakeholders are essential. Embracing technology is key to eliminate waste, reduce bottlenecks and expedite customs clearance without compromising compliance.

Technology integration: Comprehensive integration between customs and supply chain logistics systems is indispensable. Here we focus on automating data flow, establishing seamless communication and leveraging technology to maximize operational efficiency.

Stakeholder collaboration: Effective collaboration with government agencies, trade partners and customs brokers is a competitive advantage. By prioritizing structured collaboration, encouraging continuous communication and integrating technology for real-time data sharing, we ensure a proactive approach to risk management.

Foreign-trade analytics: Data analysis is the cornerstone. Using comprehensive foreign-trade analytics tools for regular insights into customs and trade data empowers data-driven strategic decision-making to maximize revenue opportunities.

Technology adoption for revenue enhancement: Innovative technologies such as AI, ML and data analytics can maximize customs efficiency and revenue generation, and we develop a structured approach for identifying and adopting these technologies, which is crucial to stay competitive.

Compliance and risk management: By ensuring near-perfect adherence to complex customs regulations, this pillar helps mitigate compliance risks and enhances revenue optimization by deploying proactive compliance management strategies and robust risk mitigation measures.

Human capital and training: The final pillar focuses on the optimization of global trade compliance by assessing resourcing needs, aligning resources and providing tailored training programs. It uses technology and analytics to support efficient product classification and provides government relations support for navigating audits and regulatory challenges.

Benefits of this model

Our core strength lies in data analytics and technology agnosticism. We deploy a sophisticated central foreign-trade analytics tool that provides real-time insights, empowering data-driven strategic decision-making. Proactivity is key to optimizing revenue opportunities through our in-depth analysis.

Proactively responding to changing global tariffs and trading relationships is an art that we have mastered. Our strategic responses are highly agile, and they shape actions to maximize revenue in response to global changes. Advanced models and simulations enable decisions for revenue optimization, ensuring a competitive edge.

Following are the benefits of adopting the Cognizant Trade and Customs Maturity Model:

- Ensured compliance with evolving regulations
- Mitigation of compliance and operational risks
- Streamlined customs processes with minimized delays
- Seamless integration and data flow
- Enhanced collaboration with stakeholders
- Data-driven decision-making through comprehensive analytics
- Considerable efficiency improvements and significant revenue optimization
- Near-perfect adherence to customs regulations
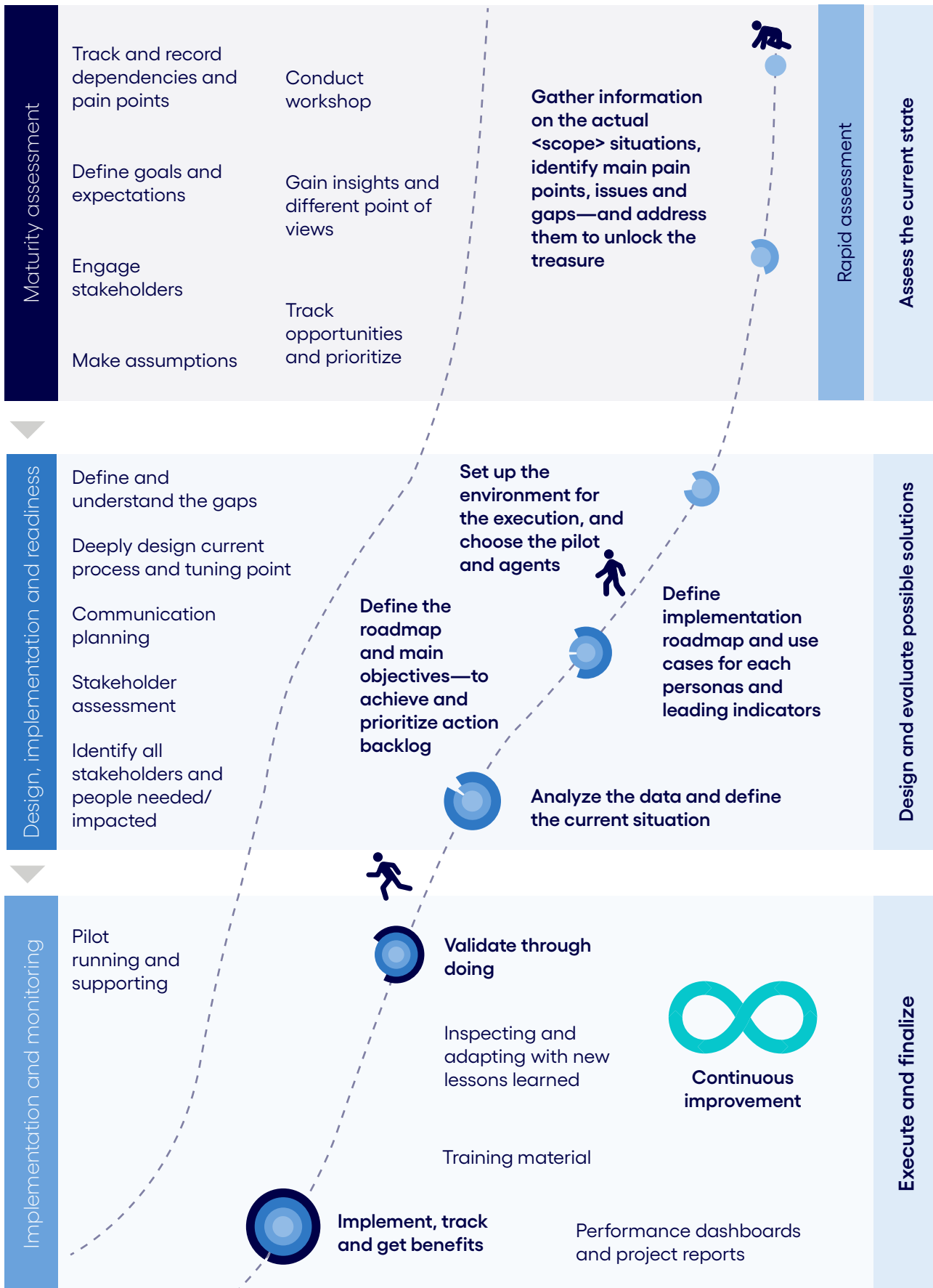- Optimal resource allocation based on business requirements and workloads

Our approach to unlock clients' potential

We help clients unlock value within their business processes by harnessing the power of data to discover insights that will guide their transformation journey. In that sense, the maturity assessment is the first step, gathering the building blocks that indicate the current state of their processes. At the same time, we gain insights about their goals and expectations. Using this information, we provide an agile, data-driven and high-level diagnostic approach—to identify the challenges and dependencies that can impact the actions required to bridge the gap between their current situation and their desired outcomes. This is the blueprint that guides the design of the transformation roadmap.

The second stage involves detailed design for enhanced results. This includes prioritizing initiatives and establishing measurable KPIs that define the expected improvements for each project. The roadmap also requires the identification of significant milestones to track progress and the impact of the prescribed measures.

The final step is the implementation of the transformation plan while closely monitoring the deployment of each project—tracking challenges, gains and lessons learned to facilitate agility and foster a culture of continuous improvement.

The following image is the consulting-led approach we take to unlock all the potential value.

Maturity assessment

Track and record dependencies and pain points

Define goals and expectations

Engage stakeholders

Make assumptions

Conduct workshop

Gain insights and different point of views

Track opportunities and prioritize

Gather information on the actual <scope> situations, identify main pain points, issues and gaps—and address them to unlock the treasure

Rapid assessment

Assess the current state

Design, implementation and readiness

Define and understand the gaps

Deeply design current process and tuning point

Communication planning

Stakeholder assessment

Identify all stakeholders and people needed/impacted

Set up the environment for the execution, and choose the pilot and agents

Define the roadmap and main objectives—to achieve and prioritize action backlog

Define implementation roadmap and use cases for each personas and leading indicators

Analyze the data and define the current situation

Design and evaluate possible solutions

Implementation and monitoring

Pilot running and supporting

Validate through doing

Inspecting and adapting with new lessons learned

Training material

Continuous improvement

Implement, track and get benefits

Performance dashboards and project reports

Execute and finalize

Our approach to unlock all the potential value

Roadmap

The below roadmap is the holistic view which outlines the objectives, priorities and timelines for this specific type of engagement.

Maturity assessment

Start with our maturity assessment to determine the current level of agility

Develop solution roadmap

Design solutions that address the gaps and improvement points

Iteratively increase your agile maturity

Follow our roadmap to grow to the defined future state and determine the next goal

Understand gaps and improvement points

Determine the focus areas and pain points

Support your transformation programs

Start your transformation journey with our support through training, advice and implementation

Agree on end state and vision

Determine what level of agility is envisioned as an organization

A vision for the future

In a rapidly evolving global trade landscape, trade and customs excellence is not a mere aspiration but a strategic necessity. Cognizant's Trade and Customs Maturity Model, fortified with best practices, equips organizations to master these complexities. This transformative journey holds the potential to redefine your customs operations from basic compliance to gaining a competitive edge. Let's collaborate in this pursuit of excellence and reimagine the future of your global trade operations.

Authors

Stefano Montanari, Head of Retail and Consumer Goods – Stefano.Montanari@cognizant.com