



# 2019 Denied Party Screening Benchmark Survey in the Supply Chain

Gain insights into how industry leaders are using screening solutions to keep them compliant with strict regulatory requirements, while making significant productivity gains, now and into the future.

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Learn more about Denied Party Screening ▶



# Executive Summary

Businesses are aware that there are a multitude of denied and restricted party watchlists maintained by governments and world bodies that name people, organizations, and nations with whom we cannot do business. But the task of screening against them all, plus managing the screening results in a timely and accurate manner in order to stay on the right side of the law can be daunting. This is especially the case when viewed in the human resources and budgetary commitment perspectives, both of which can affect the bottom-line, if not controlled properly.

The compliance task, however, might not be as onerous as it initially seems. Using software solutions, companies – large and small, and across industries – are not only able to mitigate the risk of penalties, but also make productivity gains at the same time.



*The benchmark survey investigates how industry leaders are able to **cost-effectively comply with denied party screening rules**, and keep their supply chains moving and their markets healthy.*

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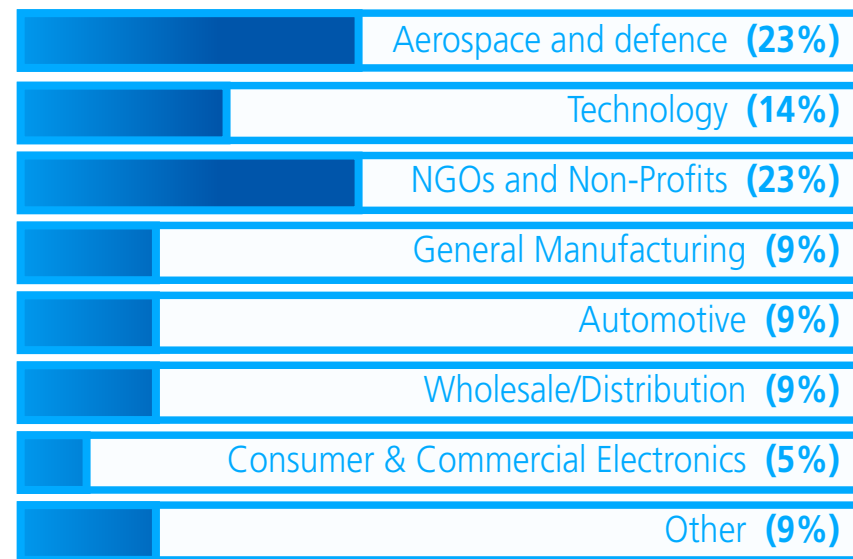
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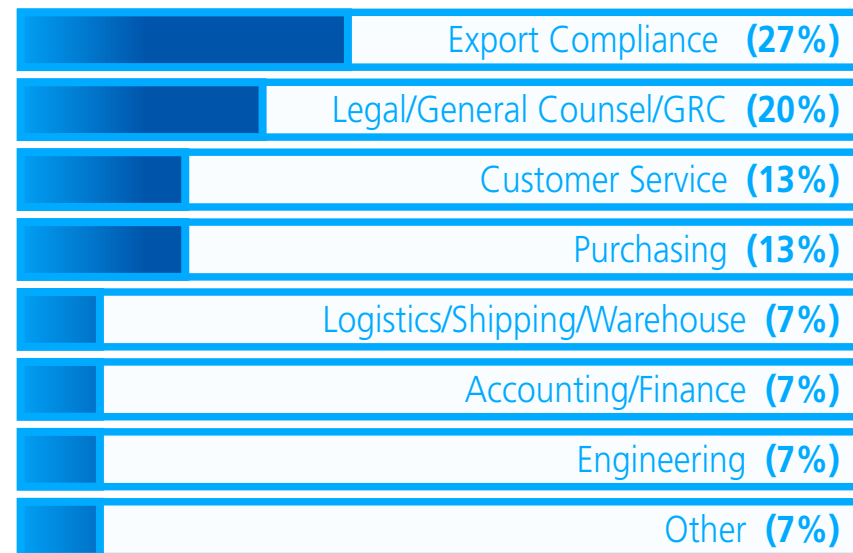
# Who We Surveyed

We surveyed more than **200 Descartes Visual Compliance customers**.

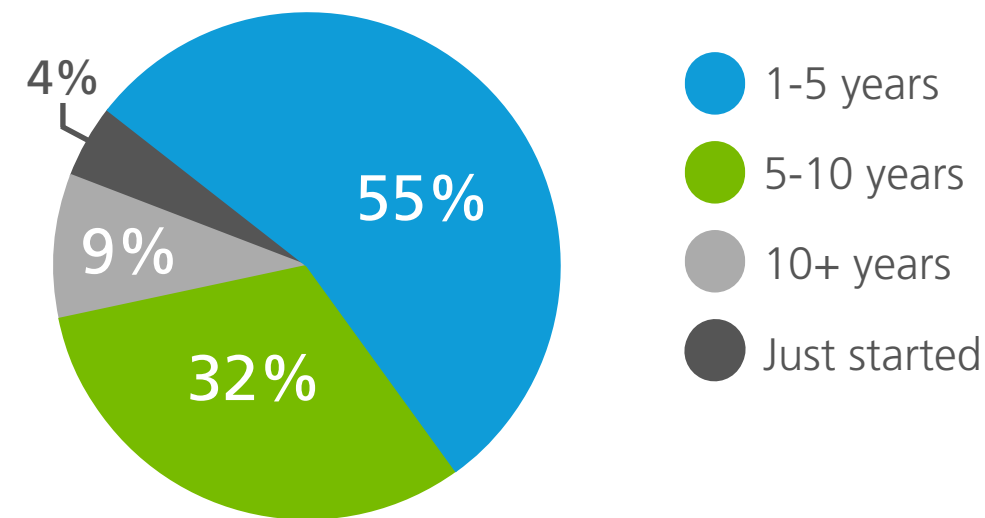
A diverse range of **industries** were represented



A diverse range of **professional roles** were represented



Many have a long history of screening for denied parties:



> 40% sell dual use goods (products and technologies that can be used for civilian and military purposes)  
> 70% cited the Middle East as the region which gives them the most concern

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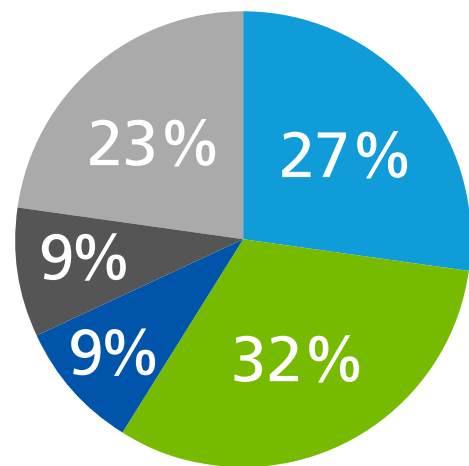
# Screening with or without a solution?

Respondents were asked ...

## ► SCREENING?

### Examining how respondents were screening without a solution

Before they became Descartes Visual Compliance subscribers, most of our respondents were not screening, manually searching through government websites, or were not sure of their process.



- We were not screening
- We were manually searching government lists
- We were using a different solution provider
- We relied on a third party, such as our freight forwarder
- I'm not sure

## ► WHY A SCREENING SOLUTION WAS NEEDED

### Examining why respondents needed a screening solution

The overwhelming majority began looking for a software solution because they wanted a more robust way to minimize the risk of penalties and loss of reputation.



Note: respondents could choose more than one response

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# Advantages of using a Screening Solution

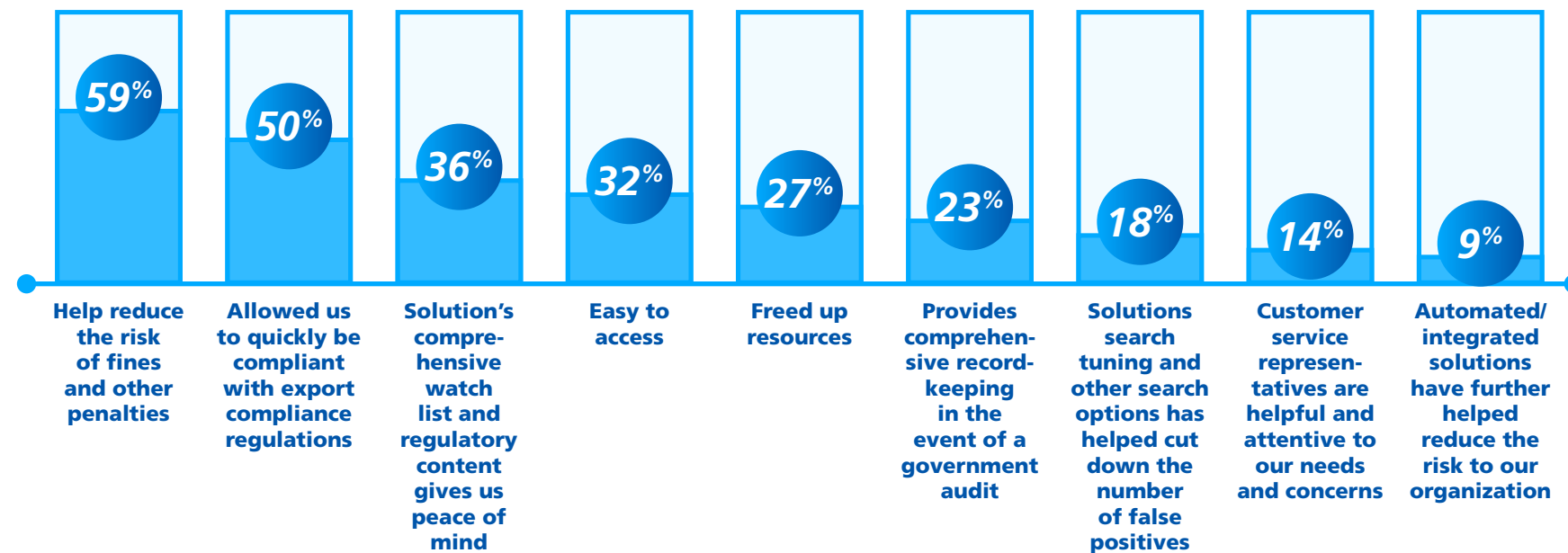
Respondents were asked ...

## ► BENEFITS OF A SCREENING SOLUTION

### Examining how respondents benefited from using a screening solution

The majority stated that having a screening solution in place reduced the risk of penalties, allowed them to attain compliance quickly, and gave them peace of mind.

A number stated that their solutions actually freed up resources that were once committed to manual compliance programs.



Note: respondents could choose more than one response

*One customer stated that they saved 500 people hours per year, while another was able to reallocate 12 full time employees to other tasks.*

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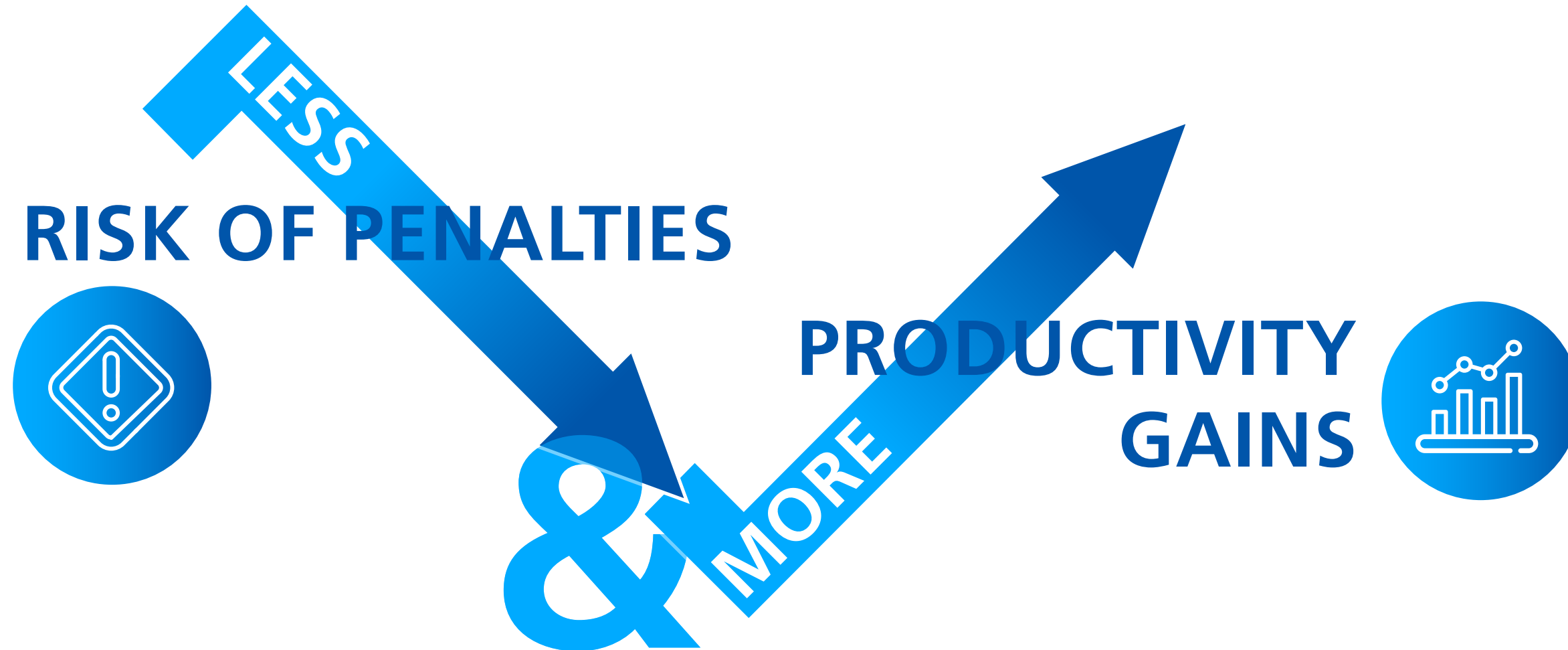
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# Best Practices Summary

Our survey also uncovered best practices that industry leaders were using to help ensure they were **mitigating the risk of penalties** and making **productivity gains** at the same time. These best practices are highlighted in the following pages.



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# Best Practice #1 Designate a corporate champion

For compliance programs to work effectively, there should be top management level support and buy-in, to stress and reinforce the importance of the compliance process throughout an organization. Some companies designate a corporate champion – whether an individual or a team – to help ensure that compliance is maintained as a priority management item.



Note: respondents could choose more than one response

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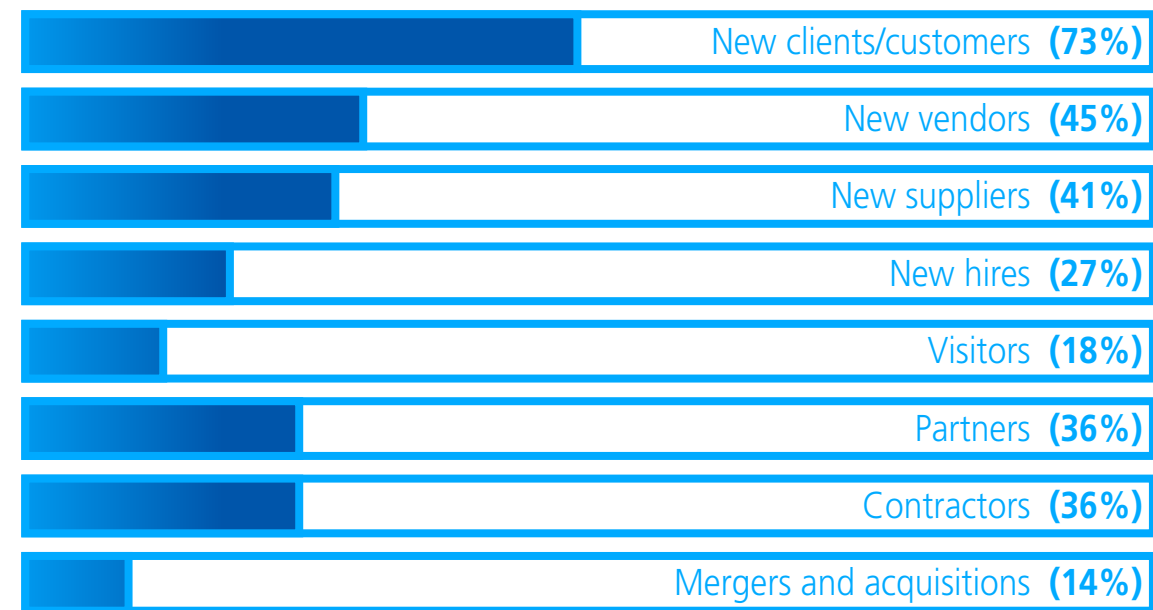
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# Best Practice #2 Cast a Wide Net and Screen Everyone

There is general awareness that an organization should screen all parties with whom they are interacting. While the majority focus their screening on sales-related parties, a significant cross section do screen other parties, including contractors, new hires, and visitors.



*Because denied parties can exist domestically, as well as abroad, **screening everyone further reduces the chances of inadvertent compliance violations.***

Note: respondents could choose more than one response

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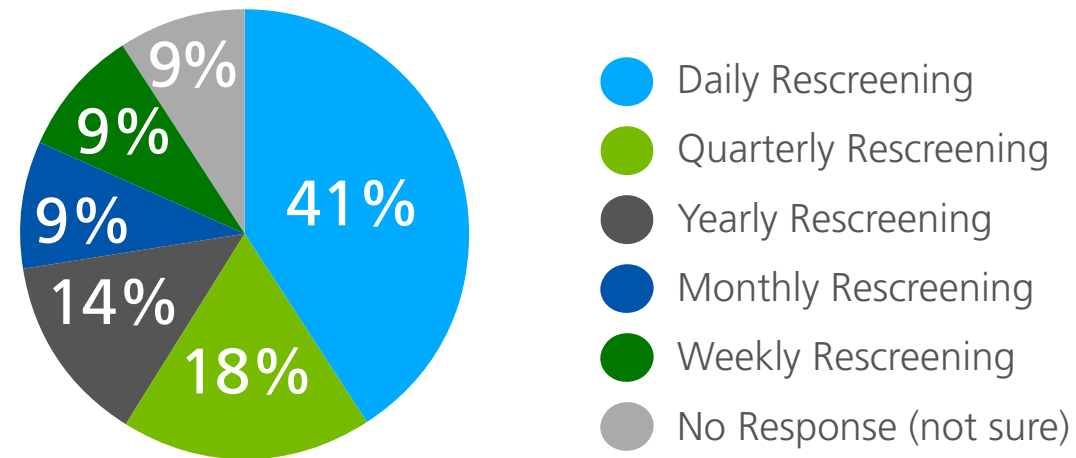
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# Best Practice #3 Rescreen Frequently

Almost all respondents were aware that individuals and entities were added (or removed) from denied party watchlists on a daily basis. Given that business relationships can span long periods of time, and that someone who might be alright to do business with today but not tomorrow, there is little surprise that an overwhelming majority do screen on an ongoing basis. With an automated rescreening solution, the process becomes far more straightforward. This helps give businesses peace of mind, allowing them to focus on their core business.



- **92%** aware that watchlist changes occur daily
- **50%+** have sales cycle longer than six months
- **50%+** screen at multiple points in the sales cycle (from initial meeting to date of shipment)

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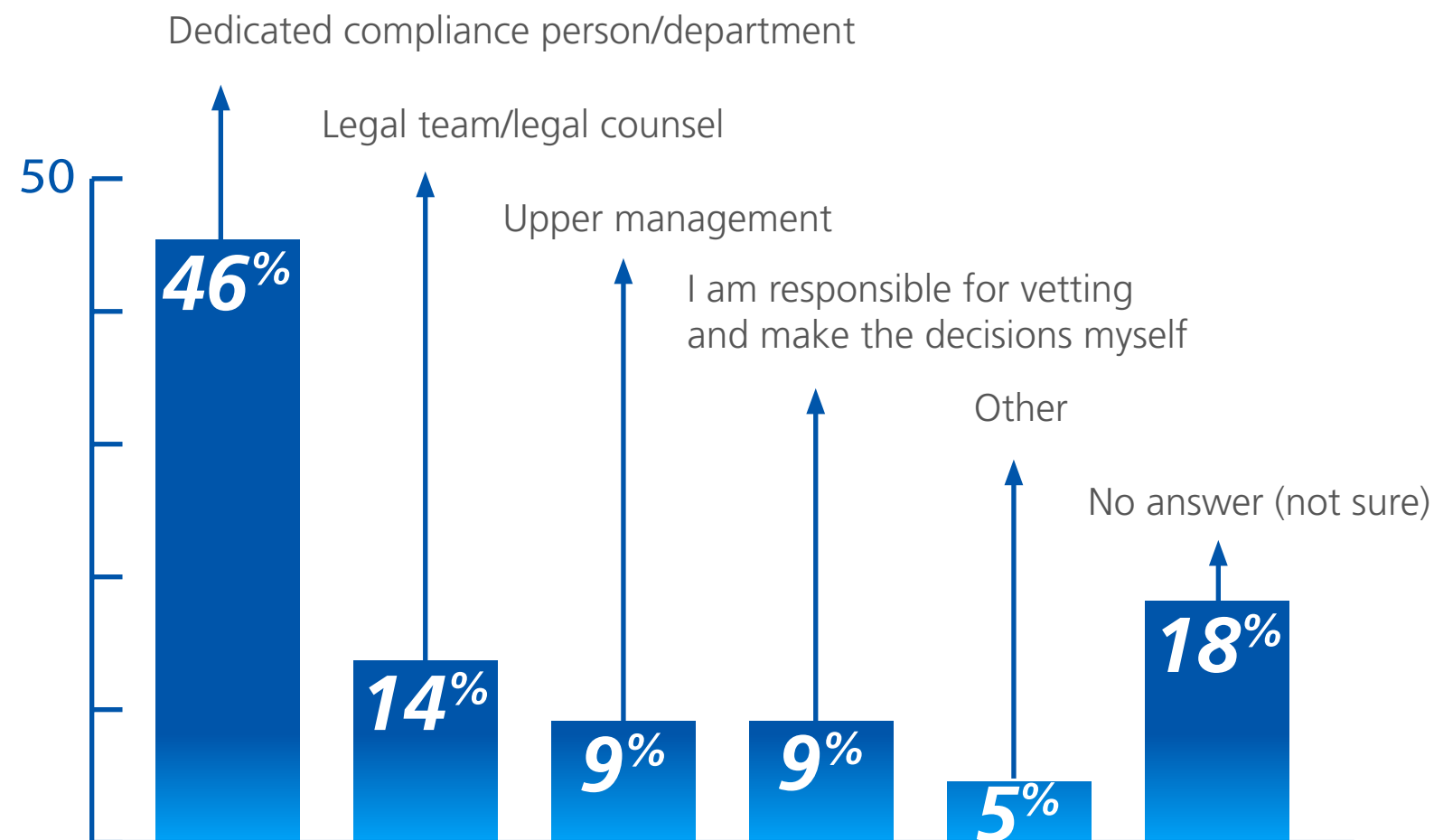
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# Best Practice #4 Set Up a Screening Workflow

Organizations set up a screening workflow to review potential positive matches, escalate selected cases to higher authority for further vetting, and electronically store decisions with rationale. Such a workflow systematizes the compliance process to increase accuracy and timeliness.

Escalations is crucial part of the process, with the majority completing the vetting via a dedicated individual or team.



*64% has a clearly-defined escalation process*

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# Best Practice #5 Automate the Screening Process

A majority of respondents were aware of the benefits of integrating (automating) the denied party screening process with their business systems, including freeing up time and resources.

Apart from screening, respondents also said there would be benefits to integrating other compliance processes, including audit and recordkeeping, export classification and export documentation.

Among the common ERPs indicated by respondents were SAP, Oracle, Microsoft Dynamics, Salesforce, NetSuite, among others.

## Misconceptions About Integration

- Insufficient internal resources to deal with a complex implementation project
- Too expensive to implement or use moving forward
- Takes too long to implement/get up-and-running
- Difficult to learn
- Difficult to maintain

With Descartes Visual Compliance™, integration is typically accomplished within days or weeks and, because the solution is cloud-based, minimal client IT resources are required at the time of implementation and on an on-going basis.

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# Key Takeaways

While every organization is unique, and has its own processes and requirements, below are a number of distinct takeaways and recommendations based on the responses of the participants:

- The key driver to implement a screening solution was to reduce risk—whether of damage to the organization’s reputation, or of fines and other penalties.
- Most organizations had an awareness of their compliance obligations, and understand the importance of maintaining compliance.
- Almost all respondents were aware of the need to re-screen, due to frequent changes made to government maintained watch lists.
- Most organizations are aware they need to screen everyone, although their focus was on new clients.
- The majority of organizations have a defined match vetting process, usually involving a dedicated compliance team or their legal department.
- While most respondents were aware of the benefits of automating screening, many cited common misconceptions as to why they have not yet integrated screening into their existing business systems.
- The majority stated that having a screening solution reduced the risk of penalties and allowed them to attain effective compliance quickly.
- A significant number said that their screening solution freed up resources, with one saying that they saved 500 people hours per year and another was able to reassign 12 full time employees to other tasks.



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# Descartes Visual Compliance

**How Visual Compliance can help** organizations meet their denied party screening objectives

Descartes Visual Compliance™ has a full suite of cloud-based restricted and denied party screening solutions to help navigate the ever-changing, complex world of trade compliance. Offering advanced screening solutions that are used by companies globally to comply with international trade regulations, our solutions significantly reduce the risk of negative impacts to reputation and the bottom line.

Our Restricted Party Screening solutions are affordable and modular—from ad hoc, online solutions, to screening solutions that automate the process by integrating into any number of business systems. Regardless of which solutions best meet an organization's needs, they'll have the ability to get up-and-running quickly, and add supplementary solutions should requirements change in future.

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Visual Compliance

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Descartes (Nasdaq:DSGX) (TSX:DSG) is the global leader in providing on-demand, software-as-a-service solutions focused on improving the productivity, performance and security of logistics-intensive businesses.

Customers use our modular, software-as-a-service solutions to route, schedule, track and measure delivery resources; plan, allocate and execute shipments; rate, audit and pay transportation invoices; access global trade data; file customs and security documents for imports and exports; and complete numerous other logistics processes by participating in the world's largest, collaborative multimodal logistics community.

Our headquarters are in Waterloo, Ontario, Canada and we have offices and partners around the world.

Learn more at [www.descartes.com](http://www.descartes.com), and connect with us on [LinkedIn](#) and [Twitter](#).



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