

Export Compliance Strategies for a Workforce-Distributed COVID-19 World



The New Norm

The majority of us are now working from home because of the infectious nature of COVID-19. It's a shift in business organisation that will likely be with us for the foreseeable future not just because of this pandemic but because companies and employees will recognise its benefits. However, there are challenges adjusting to a different working style such as effectively communicating and collaborating with colleagues and teams. Compliance teams are under increasing pressure to make this move and with limited resources, keep up with the impact of COVID-19 and the need to effectively screen for denied parties in these times of heightened awareness.

Smart compliance organisations are always on the look-out for new, more efficient ways of working. The coronavirus pandemic has been the catalyst for many more organisations joining that search. As this White Paper outlines, the answer to effectively managing a distributed workforce in a COVID-19 world lies in leveraging solutions that enhance coordination and streamline compliance processes.



The COVID-19 operating environment

The question of how we should move forward with confidence in the new norm is one that many businesses are asking. The answer lies in examining the parameters relevant to the export compliance industry.

Covid-19 Ushers In Sweeping Changes

COVID-19 has unleashed unimaginable societal and organisational upheavals across the world amid a chaotic scramble by governments and business leaders to try to stem the effects of the worst pandemic in a hundred years.

The biggest change has been the rapid switch to working remotely from home to reinforce official measures to degrade the transmissibility of the corona virus including social distancing, self-isolation, travel restrictions, and even the lockdown of entire cities.

The way we live and work may be forever altered by COVID-19. That idea is supported by the memory of previous outbreaks that are still fresh in our minds – SARS in 2002, swine flu in 2009, MERS in 2012 – as well as fears of future, similar epidemics.

But Cross-Border Shipments Will Continue

While COVID-19 has negatively impacted global shipment numbers, trade is a priority for all governments to keep economies progressing. Cargo is still moving in large volumes to their destinations every day, particularly food and general supplies, and medicine and medical equipment. Even when the Chinese government shut down the Hubei province (where Wuhan is located), most export operations continue to a great degree.

Looming Screening Capacity Crunch

Before the pandemic hit, it was routine for companies to regularly review foreign business associates, suppliers, and freight forwarders for quality, cost, and compliance purposes.

Today, these reviews are significantly accentuated, because of regional lockdowns, supply chain disruptions, and demands for expedited and higher-frequency deliveries. This is especially true with regards to screening for denied parties, as potentially more new trade chain partners enter the picture at individual organisations.

Taken in context with a distributed workforce and the challenges that this shift entails, all this adds up to a potential for a capacity crunch. Organisations must simultaneously act faster, more precisely, and in continued accordance with the law.

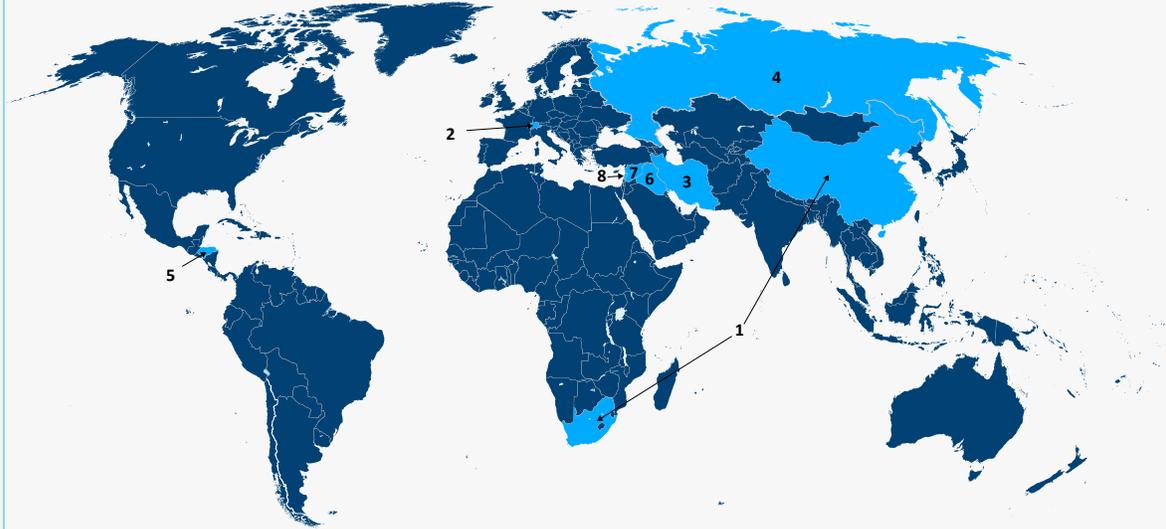
So how can we move forward with confidence in this new norm? The answer lies in making creative use of the limited resources at our disposal, and the way forward is to take full advantage of advanced screening solutions that exist today.



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A Sample of Recent Additions to Screening Lists

- 1. SOUTH AFRICA, CHINA**
Aiders & abettors of Iran oil transactions
- 2. SWITZERLAND**
Trading company for Venezuelan oil deal
- 3. IRAN**
Scientists for nuclear work
- 4. RUSSIA**
Entities sanctioned for Crimea aggression
- 5. HONDURAS**
Additions to OFAC's narcotics trafficking kingpin list
- 6. IRAQ**
New head of ISIS terror group
- 7. SYRIA**
Military leader for perpetuating civil war
- 8. LEBANON**
Entities linked to funding of militant groups



Export to the US: United States reaffirms need to continue screening for denied parties amid COVID-19 pandemic

As it aids the global fight against COVID-19, the U.S. State Department recently announced new updates to watchlists that we must take account of and reaffirmed the continued need to do so by businesses and organisations.

US Secretary of State Michael Pompeo, in providing details of new entities to screen for, said recently: “the State Department remains fully engaged across a broad range of matters even as we tackle this global pandemic,” and added “that work continues.”

Charting a Course For Success in the New Norm

In the traditional office environment, it is easier for people to meet and engage in discussion formally or informally. Proximity allows for efficient communication.

The distributed workforce, on the other hand, has the issue of distance to resolve. With the age-old interpersonal methods of communication falling by the wayside, the inefficiencies of the day-to-day business operations are exposed.

To succeed in the COVID-19 world, organisations will need to think about one or all three of the following:

- **Consider technological options to streamline and simplify ongoing export compliance activities**

In pushing the compliance envelope with supply chains in flux and resources that are limited, organisations should try to leverage advanced compliance technology solutions.

The best return on investment is to take advantage of integrated, or automated screening. Once set up correctly, everything will be screened and rescreened, nothing will be missed, and flagged transactions will be automatically stopped, pending a review. The risk of a violation is significantly minimised.

- **Investigate opportunities to strengthen resiliency in compliance infrastructure and processes**

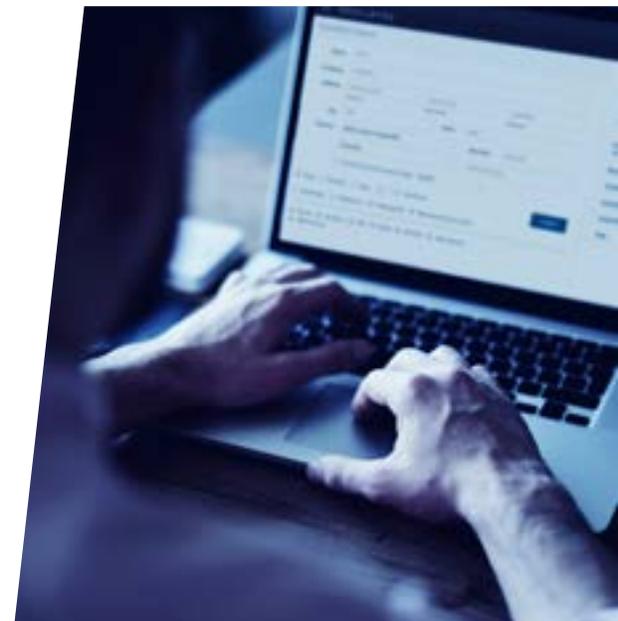
Organisations, in general, are turning to technology to identify ways to add resiliency to their various operational processes. Going mobile, embracing the cloud, and adopting artificial intelligence for business applications are some of those opportunities that save people time and allow them to work more productively.

In the world of export compliance, this takes the form of collaborative workflow processes for reviewing and actioning potential denied party screening matches, classifying items according to ECCN and USML rules, managing export licenses, and creating error-free export documents ready to be submitted electronically to the Government.

- **Engage internal colleagues to increase understanding of and adherence to compliance requirements**

People are our most valuable asset. Empowered, knowledgeable people are even more valuable. To increase the value of this asset, knowledge needs to be thorough, clear and easily shared.

Technology solutions providers, therefore, should deliver content such as training, videos, manuals and other materials via convenient online methods, including a user forum. This also allows for more efficient cross training of people from various import/export compliance roles, as well as those in legal, corporate and other departments who work with compliance professionals.

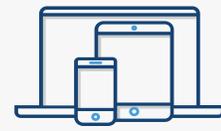


Summary

The old adage “out of sight, out of mind” is a compliance officer’s worst nightmare. As we shift gears to a distributed workforce environment, a lack of proper preparation and organisation could turn the compliance nightmare into reality.

The ultimate goal of keeping denied parties out of the supply chain has not changed. But the work to achieve that goal has become all the more complex, which in turn triggers a search to find ways of taking the complexity out of the equation.

It is only by taking advantage of collaborative solutions that provide workflow and automation will organisations be able simplify and streamline their operations in order to compete and survive in a COVID-19 world.



Going mobile, embracing the cloud, and adopting artificial intelligence for business applications are some of those opportunities that save people time and allow them to work more productively.

How Descartes Can Help

Descartes Visual Compliance™ has developed a suite of premier denied party screening software solutions that help organisations around the world reach the highest export compliance standards while reducing the risk of negative impacts to the bottom line. Our easy to implement, cloud-based solutions improve the efficiency of compliance teams and strengthen organisational governance, risk, and compliance processes. Utilising advanced technology that delivers accurate results, they reduce false positives, and provide visibility and vetting methodology on priority items in a centralised workflow format with an automatically generated audit trail.

Learn more at www.visualcompliance.com.

About Descartes Systems Group

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.

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