

Customer Success Story

The Federated Group

Makes the EDI Connection Through Descartes

Since 1953, Federated Customs Brokers has been providing clients around the globe with a complete range of customs and logistics services. These include international and transborder freight forwarding, Canadian and U.S. customs brokerage, expert customs consulting, bonded warehousing and distribution. The company's 113 employees work out of offices located in major port cities and border crossings in Canada and the U.S., including Vancouver, Montreal, Toronto, Fort Erie, Niagara Falls, Windsor, Sarnia and Buffalo. It serves 300 to 500 active customers at any given time for both inbound and outbound shipments.

Known for its rapid, dependable customs clearance at all major border and inland ports across Canada, Federated is continually evaluating its comprehensive offering and deploying the most advanced technology to ensure it meets the rapidly changing regulatory and business critical requirements that importers and exporters face each day. A key part of Federated's success is its commitment to EDI to speed processes and improve accuracy and efficiency.

Moving from Paper to Electronic Information

In its quest to implement a fully paperless approach to doing business, Federated has made a number of significant improvements in recent years. According to Greg Birley, Director of Customs Operations, "We have been involved in a lot of internal re-engineering and leveraging bleeding-edge technology in order to transition to a complete document imaging and electronic billing solution and eliminate re-keying."

He notes that, since 9/11, the industry has refocused its efforts on the intelligence and security side of the customs picture. "There have been a lot of regulatory changes in recent years which have led to more approvals and delays in cross-border shipments. With initiatives such as 10+2 in the U.S. and the September 2010 e-Manifest for Canada, customs brokers and freight forwarders need to have systems in place to bring transparency to border crossings."

Compliance is also critical, since incorrect information will lead to rejection of applications and delays.

"If you're not compliant then everything slows down," says Birley.

The key to overcoming these challenges is having the right data, and moving it to the right locations at the right time. "In the 1980s and early 90s, we dealt with reams and reams of paper in all different imaginable formats and there was no standardization," Birley explains. "It was always a challenge getting paper into a system that is compliant and has a low percentage of error. Re-keying data always adds to the risk of duplication and errors. In some cases, 12 of our locations would be entering data for a single customer."

He says that capturing information electronically is so much more accurate because it eliminates re-keying and the chance of errors. "Anytime you key in incorrect data and it gets kicked out, it gets delayed. If you can clear shipments without human intervention, everything simply takes place behind the scenes and the data received matches the system."

Federated decided in 1994 to transition to EDI because it had standards in place to move freight more quickly than paper-based processes. Descartes' ViaTrade customs compliance solutions (formerly ViaTrade) offered basic connectivity to other platforms and business partners, including government agencies and some carriers. "Having a solution back then allowed us to leapfrog over everyone else," says Birley. "In fact we were one of ViaSafe's very first customers. It was a good solution but we required additional functionality."

To pick up the pace, Federated recently added the Descartes Global Logistics Network™ (GLN) to the mix. The GLN facilitates electronic data sharing (from purchase orders to bills of lading), speeds processing and reduces clearance times for Federated.

The Descartes GLN enables many of the world's leading transportation providers to connect to their trading partners and reliably exchange information to drive delivery performance and high levels of customer satisfaction. It helps companies better manage their logistics book-to-bill process, track inventory, meet regulatory requirements, optimize fleet performance, and effectively communicate with their logistics partners.

Among other features, Federated uses the GLN integrated Descartes ViaTrade to send PARS (pre-arrival review system) and RMD (release on minimum documentation) information electronically to the Canada Border Services Agency. "Every government wants to do things better, faster, and cheaper with less," says Birley. "At the same time, shipments are increasing every year and staffing is lower. By investing in Descartes GLN

solutions we can move data quickly and accurately, stay at the forefront of our industry, and have the systems in place before the legislation even comes into effect."

Federated is now working to get more of its carrier partners connected to the GLN. Its customers can also leverage the GLN or their own solution to track and trace their shipments online.

Expanding the EDI Network

Birley reports that Federated has transitioned 20% of its processes to EDI, and plans to reach at least 50% in 2009. Involvement continues to grow as it is now focusing its efforts on key customers.

With Descartes' help, Birley reports that Federated has not only continued to improve data accuracy and reduce staffing costs (including labor and storage), it has shortened delivery times and the time frames for goods in transit. "We are seeing productivity gains because we can handle more shipments with less people. We also have fewer errors, which mean fewer refunds, and our customers get their shipments quicker."

In addition to stability, Descartes offers more solutions that offer better choices to customers, a more robust network, superior technology and most importantly, greater potential for Federated's future plans. "Eliminating paper is a big thing for people – especially with the recent focus on green and the environment," says Birley.

"Customers rely on Federated to do the job quickly and cheaply, because that ties in to landed cost," he says. "With EDI, we want to reduce costs as much as possible in a short time frame and provide customers with consistent offering at a consistent price. As a third party provider, it's especially important that everything we do is transparent and seamless – and Descartes is playing an important part in helping us keep it that way."

Summary

Challenge:

Federated Customs Broker wanted to transition a majority of its customs processes from manual, paper-based to electronic information exchange to improve accuracy and speed service.

Solution:

The Descartes GLN Customs Compliance Solution enabled Federated to expand its EDI efforts, engage with more partners and exchange information electronically with government agencies.

Benefits:

- Expansion of EDI capabilities to 50% by end of 2009
- Improved data accuracy by eliminating re-keying
- Reduced staffing requirements
- Electronic delivery of PARS and RMD information to the Canada Border Services Agency
- Improved mobility of services – electronic exchange enables communications from virtually any location
- Reduced landing costs
- Improved customer service for tracking and tracing shipments