

GLOBAL SUPPLY CHAIN REVIEW

Published by the Global Supply Chain Leaders Group

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LEADER PROFILE:

INTERVIEW WITH
MATTHEW COSTELLO

PLUS:

CERTIFIED CARGO
SCREENING
PROGRAM

SPECIAL:

COMPLIMENTARY
IMPORT AND EXPORT
TRAINING PROGRAMS



Matthew Costello,
Corporate Vice President,
Global Operations for Sony Ericsson

Message from the President of GSCLG

This month, the *GSC Review* is pleased to bring to you an important presentation on the Certified Cargo Screening Program (CCSP) developed by the Transportation Security Agency (TSA).

Some of our readers may already know that come August 1, 2010, 100% of cargo that is transported aboard passenger aircraft must be screened for explosives. Both the date and the level of screening may represent hard stops to a company's operations. The rule is simple - any cargo that is not screened will not be loaded onto passenger aircraft.

I have spoken with shippers that may not feel the need to participate in the program. Some of them will rely on their freight forwarders or even the airlines to screen their cargo. I would rather control the process and ensure that my goods are not opened by others or stopped due to the expected backlog at the airports, especially during peak shipping times such as the end of the month or the end of the quarter.



I would also like to do my part after 9/11 and ensure that we are doing our best to avoid a breach of security which was recommended by the 9/11 Commission. If your company joins the CCSP, the benefit is two-fold. Your company is part of a larger effort to maintain security in this country and your shipping operations will not be interrupted. You or your freight forwarder will be able to deliver your products to the airlines directly as you will be able to maintain a secure chain of custody under the CCSP.

Also this month, the *GSC Review* presents an interview with Mathew Costello, Corporate Vice President of Global Operations for Sony Ericsson.

Matthew Costello is a superb supply chain executive with unique global operations, procurement, strategy, transformation, restructuring, and supply chain experience for one of the largest corporations in the world. Matthew holds a Bachelors degree with High Honors in Economics and Government from Duquesne University and a Diploma in International Economics from Katholieke Universiteit Leuven, Belgium.

Get more insight into how Matthew thinks by reading our interview. You can also view other supply chain leaders by revisiting our past issues at http://www.gscreview.com/home_com.php.

In the past year, we have introduced the very top leaders in supply chain to our readers. We hope you have enjoyed the interviews. We celebrate supply chain leaders with vision, passion, and care for their customers and employees. We invite you to nominate individuals that deserve recognition for their achievements in supply chain, as we would be delighted to feature them in future issues.

Sergio Retamal

Publisher, *GSC Review*

www.gscreview.com

President, GSCLG

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CERTIFIED CARGO SCREENING PROGRAM (CCSP)

You've spent time thinking outside the box
Do you know what's inside the box?



Think outside the box

Does supply chain security keep you up at night? First, US-bound ocean containers were subjected to the reporting requirements of the 24-Hour Advance Manifest rule, and then to the Importer Security Filing. Now, air shipments transported on board passenger aircraft will need to be screened.

At Global4PL we able to stay up at night for you, or work right alongside you as members of your team as you become certified in the Certified Cargo Screening Program ("CCSP") as authorized by the U.S. Transportation and Security Administration.

Look at what's inside the box

Come August 1, 2010, 100% of cargo transported on passenger aircraft will need to be screened. Large companies have expensive equipment to conduct cargo screening, but that does not relieve the medium-size and small businesses from the screening requirement. Manufacturers and shippers are encouraged to become certified cargo screeners.

- Avoid the bottlenecks at the freight forwarder and at the airlines
- Improve overall supply chain security and safety for your company
- Avoid damage to your cargo by screenings outside your control

For a free assessment of your company's state of readiness for CCSP, give us a call. We'll give you our honest opinion. And if you want to know more about other government programs or ways to help reduce your overall transportation spend, we'll be happy to oblige.

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Interview with Matthew Costello, Corporate Vice President, Global Operations for Sony Ericsson

Matthew Costello is Corporate Vice President, Global Operations for Sony Ericsson Mobile Communications, a global leading provider of mobile handsets, accessories and content and services. In this capacity, Matthew reports to Sony Ericsson's CEO and sits on the company's Executive Committee. Prior to serving as Global Operations Head, Matthew served as Sony Ericsson's Chief Procurement Officer and Head of Corporate Strategy, Transformation and Restructuring.

Matthew joined Sony Ericsson in early 2007 as Senior Vice President, Transformation and Programmes, having served as an external consultant in leading the redesign and implementation of Sony Ericsson's global Supply Chain and Sourcing organization and capability. This development initiative helped to earn Sony Ericsson a spot on Advanced Manufacturing Research's prestigious Global "Top 25 Best Supply Chains" for 2008 and 2009.

Prior to joining Sony Ericsson in 2007, Matthew served as Vice-President, Global Supply Chain for BearingPoint, Inc, a NYSE listed leading global management and technology consultancy.

Matthew joined BearingPoint from Andersen in 2002 upon its collapse. During the course of his consultancy career, Matthew specialized in Supply Chain and Operational transformation and restructuring projects, leading the definition of new strategies and linking these to processes, tools, systems and people to enable concepts to become reality. Matthew focused on retail and fast moving consumer goods for several years prior to transitioning to high-tech related operational transformations in early 2000.

Prior to joining Andersen, Matthew received a Bachelors with High Honors in Economics and Government from Duquesne University and a Diploma in International Economics from Katholieke Universiteit Leuven, Belgium. Matthew has three children, a Swedish wife and resides in Stockholm with offices in London.

How important is supply chain management to Sony Ericsson's overall business strategy?

Supply Chain/Operations is one of the four cornerstones of the overall company strategy.

What primary areas of focus (or key initiatives) should Sony Ericsson be looking at for Supply Chain Management?

Sony Ericsson has developed, according to AMR, into one of the top 25 global supply chains globally, over the past 4 years. This success has been based upon a number of key factors:

- A fully integrated, end to end planning setup
- A tightly integrated process for managing product development across all product phases
- A robust build to order manufacturing model
- A balanced internal and external asset approach (in manufacturing)
- A leading approach to sustainability
- CSR and a global way of integrating suppliers into the value chain

The next step in our development focuses upon improving lead times and flexibility to our customers around the globe while managing risks along the entire supply chain, creating more "clustered" capabilities within our supply chain to take more advantage of scale. Further, we will take our integrated approach to development to the next level focused upon more advanced planning while limiting risks across the value chain.



Interview with Matthew Costello, Corporate Vice President, Global Operations for Sony Ericsson

Continued

How has outsourcing enabled Sony Ericsson to be successful with these initiatives?

We have a balanced approach to outsourcing - we have clearly articulated the role that outsourcing partners play in all aspects of our value chain and build internal capabilities and, simultaneously, capabilities to effectively manage our "outsourced" partners along the lines of this strategy. In this sense, any partner - EMS; ODM, component supplier, logistics provider - is always a fully integrated component of our overall strategy and approach.

How is Sony Ericsson addressing the market's increasing focus on 'green' supply chains and reducing a company's carbon footprint?

Sony Ericsson is widely recognized as a leader in sustainability and has been working with CSR and carbon emissions policies for several years. We imbed Sustainability considerations in every aspect of our decision making framework - hence, we have extended our QCD framework (Quality, Cost and Delivery) to include sustainability to form QCDS.

Over the past few years, we have extended our sustainability capability set into a line of products known as GreenHeart. We are constantly working to reduce our carbon footprint and are now working on a forward configuration approach that will enable us to reduce our reliance on air based transports.

What is the key Supply Chain Management priority for the coming 2-3 years for Sony Ericsson?

Our supply chain is reliable and very cash efficient. Our next step is to evolve our supply chain to a model which maintains our risk profile while enabling reductions in lead times to customers while increasing our offered "flexibility" within the frozen horizon.

What is the key Supply Chain Management priority for the coming 5-10 years for Sony Ericsson?

Our industry is extraordinarily dynamic and hence, our planning cycle is 3 years. I would suggest, however, that our internal and our partners' reliance upon Asia - and China more specifically - will need to be carefully monitored going forward. Hence, our footprint is our priority on a 5 year basis.

The advertisement features a large globe on the left and a smartphone on the right. The smartphone screen displays a list of features: Part Numbers Status, Purchase Order, Shipment Status, Customs Clearances, Freight Charges, Document Management, and Reporting. Below the smartphone, a diagram shows various supply chain nodes like Suppliers, CMs, Vendors, Carriers, Forwarders, Customs Brokers, 3PLs, and 4PLs connected to a central system. A red arrow points from the text 'New! Get POHorizon On Your iPhone!' to the smartphone. The text 'Complete Global Supply Chain Visibility... in just one system' is at the top. At the bottom, it says 'For more information, please visit our web site: www.poohorizon.com'.

The advertisement features a target icon with three blue arrows hitting the bullseye. To the left, a list of services includes Expert Resources, Customizes Solutions, Freight Post Audits, Compliance Programs, Financial Savings ROI, Import / Export Training, and Consulting Services. To the right, a section titled 'What We Do' discusses saving money through improved efficiencies and avoiding costly errors. Another section, 'Who We Are', describes Global4PL as a team of high-performance veterans who help clients implement innovative solutions. Below, a section titled 'Are Your Financial Supply Chain Goals on Target?' encourages companies to make their mark with Global4PL Supply Chain Services. It highlights 'Customized Supply Chain Solutions to Help You Succeed'. The page also contains several client success stories with details and contact information for JB Delaney, Director of Supply Chain at Infirera Corporation.

Contact Global4PL today.
E-mail us at info@global-4pl.com or call us at 866.475.1120 to arrange your free assessment.

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Interview with Matthew Costello, Corporate Vice President, Global Operations for Sony Ericsson

Continued

What are the biggest INTERNAL challenges for manufacturers to achieve supply chain excellence?

In a highly volatile, exceptionally high volume consumer industry such as mobile phones, there are two predominant internal challenges - forecasting effectively and ensuring quality in all dimensions.

What are the biggest EXTERNAL challenges in achieving supply chain excellence?

Market volatility is an internal and external threat. As such, securing flexibility at the right cost given our Asia operational footprint is our largest challenge. Several operational challenges also exist, given forecasting considerations, to increase flexibility while managing risk.

What are the supply chain challenges to which Sony Ericsson SHOULD be paying more attention?

Our current supply chain challenges include short term flexibility and shortened lead times given market dynamics.

Who is responsible for planning your company's business continuity when facing natural disasters, major disruptions or other geopolitical issues?

Our Corporate Operations department is responsible for planning our response to natural disasters, major disruptions and geopolitical issues.

How do you grade Sony Ericsson's supply chain overall performance in client satisfaction?

We are a leader in satisfying Operator-customers. We are slightly less competitive in distributor oriented markets.

During this economic downturn, how do you keep your entire organization motivated?

Great question. We have conducted significant organizational restructuring on a global basis and have faced difficult times internally. Ultimately, our staff realizes that the consumer dynamic and technical complexity makes this a truly unique and intriguing industry. On top of this, we have attempted to ensure continuous forward development of our supply chain to motivate our colleagues.

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Global4PL's bidding online solution is designed to streamline the entire contract process, offering a flexible, secure environment for customers to bid on contracts. RFCConnect provides award winning supply chain consultants to guide you along the RFP process from start to finish, maximizing the savings, identifying the best providers, and improve compliance.

PO Visibility Tool



POHorizon is an intuitive implementability tool for all the different users (Accounts Payable, Purchasing, and Logistics, etc.) in your company. POHorizon allows you to consolidate multiple sources and present only the information you need to see. In addition, it will alert you to any changes in your bills and give you password giving the user access to shipment status information through just one web portal.

Document Retention Tool



As an importer and / or exporter, you are aware of the rules of Commerce & Border Protection (CBP) and International Trade. A. Some of the reworking regulations, whereby your company is required to keep all records of shipping documents for a minimum of five years. Our online document server will not only help to satisfy the government's regulations, but it will also facilitate access for employees of your company. You have free access to search for documents and money for space.

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Simply create your export paperwork online or integrate our system with our export software. Our export management system has a simple interface, but it is coupled with a powerful demand-party search engine. For the buyer, it is a simple matter of entering the demand-party name and receiving a list of all relevant and compliant export paperwork with detailed lists of all demand-party searches performed. You can file your Shipping Export Declaration (SED) with the Advanced Export System (AES) and for your customers overseas, you can customize any of the available templates to suit your customer's individual requirements.

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We emphasize best-practices in customer-oriented, solution-based training programs. Global4PL's range of organizational development experts are dedicated to the goal of building a high-achieving supply chain team. Global4PL provides award-winning training programs for both classroom and on-demand. Global4PL also offers a unique train-the-trainer program designed to accelerate system adoption and lower overall training costs.

Consulting Services



Global4PL is an award winning supply chain consulting firm with its own unique suite of services helping companies rapidly evaluate, implement, and optimize their supply chain. Our consulting and implementation services yield an effective and efficient integration of processes, systems and training. Our clients include high-tech, retail, and manufacturing companies.

For a free assessment of your company's supply chain, give us a call.



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Interview with Matthew Costello, Corporate Vice President, Global Operations for Sony Ericsson

Continued

What are the key factors to ensure a successful Contract Manufacturer (CM) relationship?

It is extremely important to drive relations with EMS in the same fashion as we work with internal factories. We drive process development in the same way towards internal and external partners. We do not treat CM partners at "arms length."

How important is trust in the Sony Ericsson/ CM relationships?

Trust in our CM's is critical to our company.

How do you prepare for the upturn now that the economy is showing improvement?

We are extending our risk profile on a product / customer / market basis to prepare for potential upside requests.

When do the fuel cost / dollar exchange and / or geopolitical factors make insourcing a viable option?

This balance is a constant on our agenda.

What are your thoughts regarding globalization?

Our industry is extraordinarily global in setup and reach. Hence, it is a prerequisite in both our footprint, resource base and mindset. We have operations centers in California, Atlanta, Sao Paolo, Sweden, Munich, Beijing, Taipei and Tokyo.

What attracted you to supply chain management?

I was attracted to supply chain management because Operations is "strategic", "analytical" and "hands on" all at the same time. It also interfaces with every aspect of the Sony Ericsson ecosystem. It is an ideal and fascinating role and journey.

What are the main skills and personal attributes that have helped you reach your current position?

Having "grown up" in consulting, I learned solid analytics; relation-building and thorough execution combined with keen "people" understanding and team building. These attributes - combined with a high integrity in my views and actions - have served me well.

What would you say is the most rewarding experience you've had in your career?

When I first joined Sony Ericsson, I was positioned in a role of "Corporate Transformation." After almost 15 years in consulting, I expected it to be easier to implement "change" as an internal resource. What I realized is that change is extraordinarily challenging no matter the context and, hence, it is the power of the ideas and tenacity in the approach which makes the difference.

What have you learned as Corporate Vice President, Global Operations that has surprised you or changed the way you do business?

The power of long term relations is absolutely fundamental in designing and managing global operations capabilities.

Who do you rely on for advice?

I have several mentors with senior executive experience that I frequently seek for counsel and advice.

How do you balance your work life with your personal life?

The true challenge in my life. I have an extraordinary and understanding wife.

Turbulent times can be the best time to implement changes. However, companies tend to paralyze due to uncertainty in the market or their human capital. What is your advice to maximize the opportunities to implement changes during tough times?

I thrive in it. My consulting background and the issues we have faced over the last 2 years in Sony Ericsson have allowed me to understand that challenging times bring unique opportunities to change and develop rapidly both in terms of capability and cultural transformation.

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We are a group of the most influential, accomplished, and renowned executives from some of the better known corporations worldwide. We continue to seek those individuals who have made the most significant contributions to the advancement of the supply chain industry at the same time helping their companies' bottom lines. In other words, the Top 25 Global Supply Chain Leaders LinkedIn group seeks individuals that will inspire both veterans and new hires in supply chain. These are the individuals people would like to be when they reach their professional goals.

Our group of leaders come from various industries such as: Automotive, Aviation & Aerospace, Computer and Network, Security, Computer Chips, Computer Hardware, Computer Industry, Computer Networking, Computer Security, Computer Software, Consumer Electronics, Consumer Goods, Cosmetics, Food, Furniture, IT and Services, Leisure, Travel, Medical Devices, Oil and Energy, Pharmaceuticals, Renewable & Environment, Retail, Semiconductor, and Telecommunications.

We seek supply chain leaders with vision, passion, and care for their customers and employees. If you are a leader interested in pursuing connections with your peers, please join us.

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25 Global
Supply Chain
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What You Should Know About the Updated Certified Cargo Screening Program

By Douglas Brittin,
General Manager, Air Cargo Programs
Transportation Security Administration

Why should shippers join the Certified Cargo Screening Program (CCSP) if forwarders and airlines can screen the cargo?

Any company who ships on passenger aircraft will be affected by the 100 percent cargo screening mandate contained in the 9/11 Act. The decision on how to screen cargo, whether through a freight forwarder, cargo screening facility, or through the airline, is ultimately up to the shipper. It is important for all industries to understand how this mandate affects their companies.

Shippers of difficult to screen goods (large skids of any product, pharmaceuticals, perishables, chemicals, powders, and others) or those who want to ensure the integrity of packages throughout the supply chain, should strongly consider joining the CCSP. CCSP distributes screening throughout the supply chain to avoid potential bottlenecks of cargo at the airport while allowing participants to screen cargo offsite and transport it to the airport securely. Shippers should understand that in most cases, shipments they tender on skids or pallets will be taken apart and screened at the piece level by others, as the law requires.

Participation in CCSP means cargo screened by shippers will avoid delays, and the airlines conducting screening will not have to open containers jeopardizing sensitive cargo. By joining CCSP, shippers can avoid voided warranties on electronics, the spoiling of fresh products, and the contamination of pharmaceuticals.

The 100 screening mandate will go into effect on August 1, 2010. If a facility has not become certified through CCSP or planned for another entity to screen their freight, it will not be uplifted on a passenger aircraft.

We are already validated by C-TPAT. Do we still need to screen the cargo?

Yes, CCSP requires actual cargo screening, and because of that the background checks for personnel must be done through TSA's Security Threat Assessment process. TSA built the basic structure of CCSP around the C-TPAT model- physical, IT security, background checks- but there are key differences including cargo screening. In addition, C-TPAT is "company-wide", whereas CCSP is site-specific due to the need for specific security requirements around the screening area, which are typically more stringent than C-TPAT. CCSP also requires specific levels of training, especially in regards to screening processes.

We have multiple shipping facilities. Does each location need to be CCSP certified, or just the last facility where cargo was located before being delivered to the airline?

Cargo screening may take place at any point in the supply as long as the screening facility is a CCSF and the chain of custody requirements are met. Some shippers may choose to certify one, while others may decide to certify each facility. The decision is unique and must be based on a number of variables including size, volume of cargo shipped on passenger aircraft and the type of products shipped. Most companies select the last facility where the cargo is located before shipping.



The US Department of Homeland Security has provided an overview of the CCSP. Click on the link below to view the file.

[Link to PDF](#)

What You Should Know About the Updated Certified Cargo Screening Program

Continued

Does the TSA or US government have funds available to help pay for the screening equipment or will screening operations be an added expense to companies?

The 9/11 Act, which included the 100 percent cargo screening mandate, did not appropriate funds to offset the cost of security screening.

Do parcel shipments shipped via international courier (FedEx, UPS, etc.) need to be screened?

All cargo tendered on passenger aircraft must be screened. Cargo shipped on all cargo aircraft is not subject to the Congressionally mandated 100 percent screening requirement. Some "all-cargo" carriers regularly tender their shipments to passenger airlines at US export gateways, and that cargo must then be screened before being placed on a passenger aircraft.

What if cargo is booked for transit on a cargo aircraft but is bumped and then loaded onto a passenger aircraft? Is screening then required? Which party (airline, freight forwarder, or shipper) is then responsible for screening?

Starting August 1, 2010, all cargo transported on passenger aircraft must undergo security screening. The passenger airlines are responsible for ensuring all cargo carried on their aircraft undergoes screening.

What about cargo that is inbound to the US? Are there plans to expand such screening requirements, similar to CBP's implementation of the ISF in ocean shipments?

The scope of the 9/11 Act requirement for inbound passenger air cargo presents significant challenges in the international air cargo environment and requires an approach that increases the security of the global supply chain without unduly impeding the flow of global commerce. TSA has recently increased the percentage of cargo to be screened before entry to the USA, and will continue to work closely with industry and its international partners to achieve this requirement as soon as possible.

Are there different levels of training for the airline, the freight forwarder, and the shipper, in order to become CCSP certified?

Specialized training is required for all persons who will conduct screening, handle cargo, or have access to designated screening areas. Shippers should visit www.tsa.gov/CCSP to get information on CCSP requirements.

The advertisement features a large globe on the left and a smartphone on the right, both displaying various status and tracking information. In the center, several boxes represent different supply chain participants: Suppliers, CMs, Vendors, 3PLs, 4PLs, Carriers, Forwarders, and Customs Brokers. Arrows point from these boxes towards a central area where a smartphone and a computer monitor are shown. A red arrow points towards the smartphone with the text "New! Get PCHorizon™ On Your iPhone!" Below the devices, a blue button says "PCHorizon™". At the bottom, the text reads "For more information, please visit our web site: www.pohorizon.com".

The advertisement features a target with three blue darts hitting the bullseye. To the left of the target, a list of services includes: Expert Resources, Customs Solutions, Freight Post Audits, Compliance Programs, Financial Savings ROI, Import / Export Training. To the right, a section titled "Who We Are" describes the company as a team of high-performance veterans who help clients save money through efficiency and cost reduction. It also mentions various business sectors like aerospace, automotive, food, pharmaceuticals, and retail. Below the target, a section titled "Customized Supply Chain Solutions to Help You Succeed" lists "See how our results speak for themselves" and provides case studies for different industries: Transportation Savings, Client: Large West Coast contemporary clothing retailer, Client: Large telecommunications manufacturer, and Client: Mid-size computer company. Each case study details the problem, the solution provided by Global4PL, and the resulting outcomes. At the bottom, a testimonial from JB Delaney, Director, Supply Chain Infraera Corporation, is quoted: "In the first month we engaged Global4PL we were able to implement three cost reduction projects which will result in millions of dollars in savings over the next five years". The Global4PL logo is at the bottom left, and the website address "www.global-4pl.com" is at the bottom right.

What You Should Know About the Updated Certified Cargo Screening Program

Continued

Does the TSA conduct random, unannounced, audits of screening procedures and records of airlines, freight forwarders, and shippers?

In addition to meeting initial certification requirements, CCSFs are subject to routine and unannounced audits, inspections and spot checks.

About the Author:

Douglas Brittin,
General Manager, Air Cargo Programs
Transportation Security Administration

Doug Brittin joined the Transportation Security Administration (TSA) Air Cargo Office in June 2007. He has held executive level sales, marketing and operations positions within the transportation and logistics industry at companies such as BAX Global, Panalpina, Emery and Menlo Worldwide. Doug has over 30 years of experience in the industry, including the rail and trucking sectors. In his capacity as General Manager of Air Cargo Programs at TSA headquarters in Arlington, VA, Doug manages a staff of over 90 security experts, program managers and contractors. In addition to leadership and management responsibilities for the air cargo Technology, Indirect Air Carrier (IAC) Program and Policy branches, he is responsible for developing, staffing, training and equipping the Certified Cargo Screening Program.

Doug is a graduate of the University of Denver.

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Senior Executives Only

If you attended the GSCLG's 2009 annual dinner, then you already know what a truly unique and valuable networking opportunity that was for a senior Supply Chain executive like yourself. Our next event promises to be bigger and better so mark your calendars. Details will follow in the months leading up to this event.



This conference is reserved for senior Supply Chain executives of non-service provider corporations only. This is a truly unique networking opportunity for senior executives at their level or higher. The GSCLG will make seats available to only five **Platinum** sponsors and five **Gold** sponsors.

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Contact: andrea.kostelas@gsclg.com for sponsorship information.



Supply Knowledge™ A Global Community of Practice



THE US DEPARTMENT OF HOMELAND SECURITY CERTIFIED CARGO SCREENING PROGRAM OVERVIEW





Do you have a plan to meet the 100% air cargo screening mandate? Time is running out.

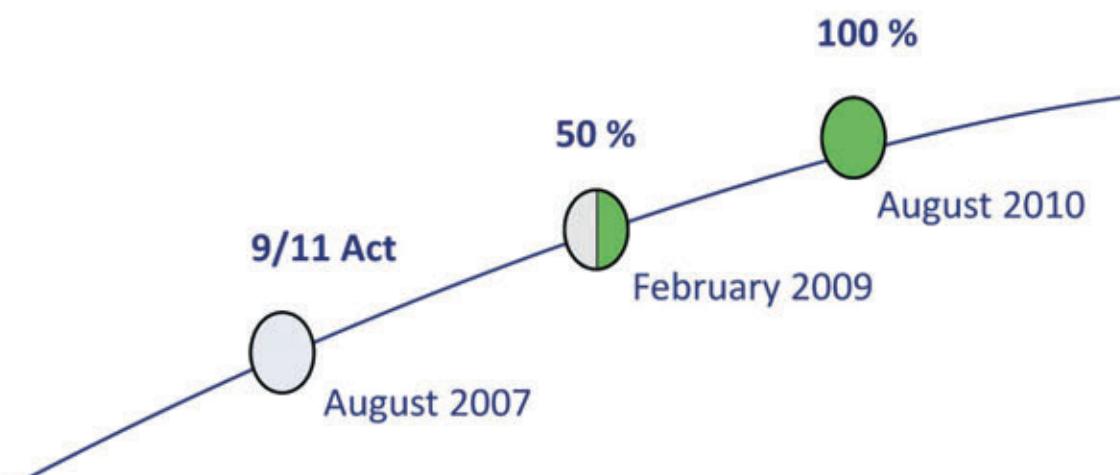
Dave Burnell – Transportation Security Administration

Marilyn Christiansen – Transportation Security Administration PCSA

Law – 100% Screening Legislation

Legislation

- The Implementing Recommendations of the 9/11 Commission Act of 2007 were signed into law on August 3, 2007
- The law requires 50% of all cargo on passenger aircraft be screened 18 months after enactment and 100% by August 3, 2010. TSA implemented 50% on February 1, 2009
 - Level of security commensurate with checked baggage
 - Baggage screened at piece level
 - No Congressional funding
- TSA required to establish program to accomplish mandate
- TSA published Interim Final Rule (IFR) on September 16, 2009



100% mandate challenging to the air cargo environment

Screening Capability

- ✓ Airlines already approaching their screening capacity



Funding

- ✓ No funding for screening



Piece Level

- ✓ Individual item within a shipment



Limited Screening Technology

- ✓ TSA Approved technologies



TSA created flexible options that work for industry

- The Certified Cargo Screening Program (CCSP) is a voluntary solution to help industry meet the 100% screening mandate

Chart your own course



CCSP

- Fully supported by the air freight and air carrier industries
- Leverages best practices from global supply chain programs
- Enables all entities in the supply chain who meet standards to screen cargo
- Businesses choose the best and most effective model for their needs

All entities within the supply chain can participate

Shipping Facilities

Manufacturing Facilities

Third Party Logistics Providers

Contract Manufacturers

Warehouses/
Distribution Centers

Freight Forwarding Facilities

Independent Cargo Screening Facilities



How will screening be done?

TSA Approved Screening Methods

Primary Screening – CCSF or Passenger Airline

Technology

- AT X-Ray
- Explosives Trace Detection (ETD)
- Explosives Detection System (EDS)
- Other detection equipment approved by TSA in the future (specific vendors/equipment are approved for cargo)

Physical

- Physical search
- Other TSA approved methods

K-9 Screening - TSA

TSA Operated Canine

Primary mission is Secondary Screening. As they have in the past, canines can also be used for Primary Screening when available.

Challenges to screening air cargo

- Air cargo is not like passenger baggage



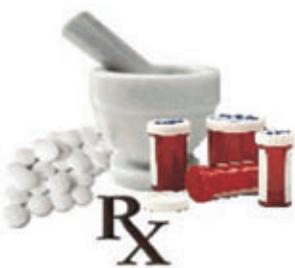
Passenger Baggage

Air Cargo

- ✓ Similar sizes
- ✓ Common contents
- ✓ Clean environment

- ✓ Any size
- ✓ Varying commodities
- ✓ Warehouse cargo environment

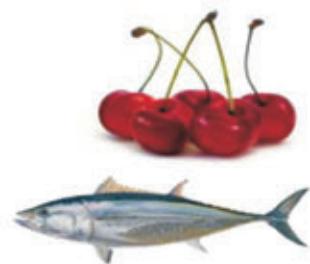
Commodities pose supply chain challenges



- Requires cold chain handling
- FDA sealed



- Compromised package integrity
- High value security



- Requires cold chain handling
- Perishable/limited shelf life
- USDA/APHIS requirements



- Sanctity of the remains



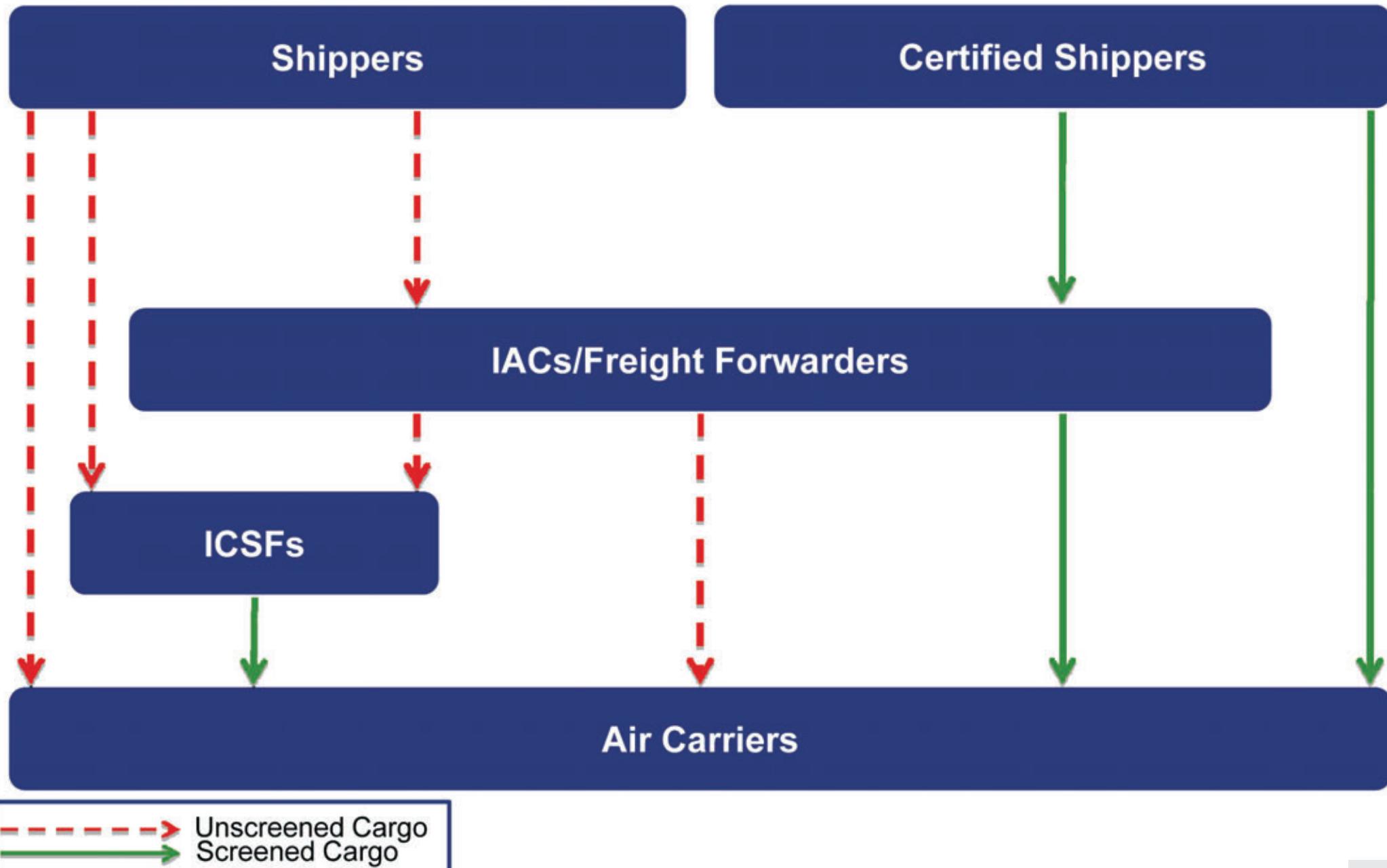
- Sealed drums
- Possibly toxic if opened
- Liquids/powders



- Varying sizes
- Sophisticated packaging
- High value

CCSP options mitigate supply chain bottleneck

- **All** entities within the supply chain can participate in screening





CCSP has 3 participation requirements

Regulation & Inspection

Screening

- Physical Search
- Technology

Security

- Physical
- Personnel
- Training

- Locks
- Tape
- Procedures

Chain of Custody

> 90% of shippers use physical search!

CCSP is impacting the supply chain positively

IAC Participation

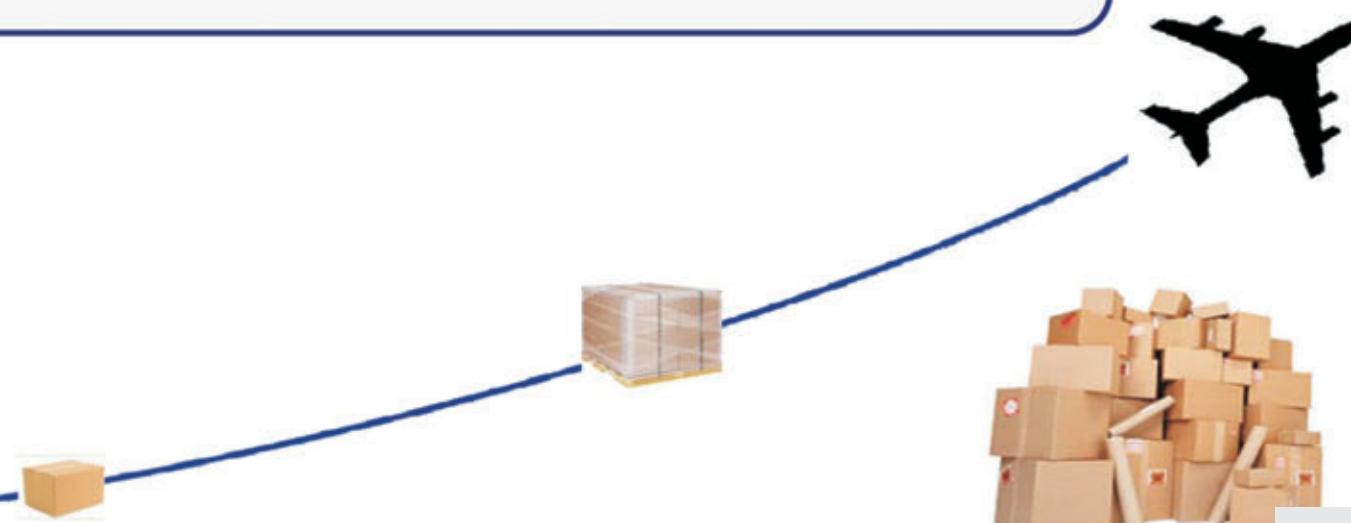
- Solid contribution from CCSF IACs helps in major U.S. gateway markets (wide-body aircraft)

Shipper Participation

- Limited shippers in program to date

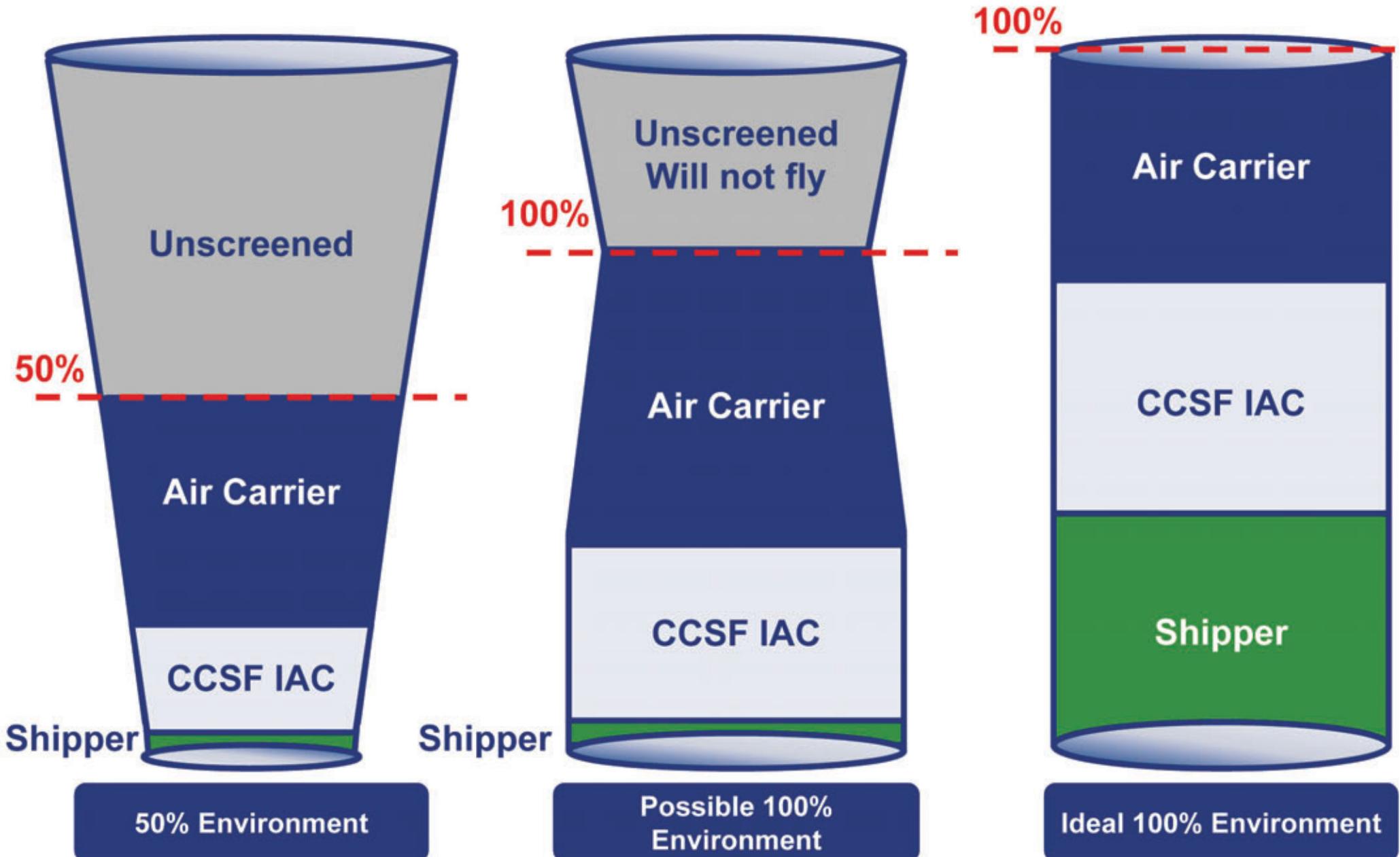
TSA Concern

- Shipper cargo reaching gateways at the skid level poses a screening challenge
- Not enough unique commodity/high volume shippers have a plan



Additional industry participation needed to reach 100%

- Delays will likely occur at current CCSP participation levels





Steps From 50% to 100% Screening

Achieving 50% vs. 100% Screening

50%

- Perception that achieving 50% screening was easy
- TSA saw a decrease in CCSF applications
- Airlines approaching their screening limit with technology investments for 50%
- TSA provided Air Carriers and IACs flexibility when determining what to screen at 50%
- Narrow body shipments counted toward 50%

100%

- Economic recovery could lead to increase in volume
- Insufficient availability of technology may cause backlogs
- Without proper preparations, cargo may be delayed or damaged if broken down or specially screened
- Potential cargo damage during physical inspection if contaminated in transit to carriers



Does your air cargo pass through these major gateways?

- Additional screening remains a challenge at the top 18 airports



★ 95% of wide-body passenger aircraft cargo



CCSP may be your best option

Key considerations

Are your shipments carried on passenger aircraft?

Yes

No

Do you ship individual pieces or skids using shrink-wrap or banding?

Yes

No

Will your shipments be compromised if opened?

Yes

No

Do you know what screening will cost?

Yes

No

Are your products sensitive to shipping delays?

Yes

No

Are you currently participating in other supply chain programs? (C-TPAT, cGMP, TAPA, etc.)

Yes

No

Do your volumes justify in-house screening?

Yes

No

Screen your own shipments

Pay someone to screen for you

Your Decision:



CCSP

IAC/ ICSF/ AC

Shippers have other options



U.S. Domestic

- Truck
- All-cargo aircraft

International Export

- Maritime
- All-cargo aircraft

CCSP

- Program participation
- CCSF Freight Forwarder
- ICSF

The time to act is now

00 Day

and counting...



Summary

The Facts

- August 1, 2010 is a fixed date
- 100% piece level screening remains an industry challenge
- Technology is limited at present
- TSA has developed the CCSP option with/for industry
- TSA believes more high volume/unique commodity shippers need to consider participation



How Can I Join CCSP?

Steps to Joining the CCSP



- During Phase One, TSA performs assessments at no charge; after Phase One, TSA-Approved Validation Firms will perform this function
- Shippers sign Order and IACs comply with Alternate Procedure
- TSA reviews facility assessment and makes final certification decision



SAFETY Act and Screening Liability

The screenshot shows the official website for the SAFETY Act. At the top, there's a navigation bar with links for Home, Feedback, and Login. Below the header, there's a main banner with a blue background featuring a DNA helix and a woman in profile looking at a computer screen. The banner text reads "Encouraging the Development and Deployment of Anti-terrorism Technologies" and includes a "Download Application Kit" button. On the left side, there's a sidebar under "DESIGNATIONS / CERTIFICATIONS" containing three links: "DT&E Designations for Homeland Security", "Designations for Homeland Security", and "Approved Product List for Homeland Security". The overall theme is anti-terrorism technology development.

- The Support Anti-terrorism by Fostering Effective Technologies Act of 2002 (SAFETY Act) provides important legal liability protections for providers of qualified antiterrorism products (e.g.. technologies) and services (e.g.. processes)
- CCSP and its participants have been approved for pre-qualification coverage

For more information visit www.safetyact.gov



For more information

Please Contact Us

- For more information please visit: www.tsa.gov/ccsp
- Apply directly to CCSP@dhs.gov





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Global Supply Chain Leaders Group Webinar Series Complimentary Training Programs

The Global Supply Chain Leaders Group (GSCLG) is pleased to provide you with access to our complimentary Import Compliance and Essentials of Export Controls webinars. The programs offer 10 hours of all-inclusive training and can be taken at your own pace. These programs provide you with a free-of-charge and time efficient opportunity to gain knowledge critical to your company's import and export operations.

Certified Cargo Screening Program (CCSP)

Import Compliance

Module 1: The Harmonized Tariff Schedule of the United States

Module 2: Duties & Tariff Engineering

Module 3: Import Compliance

Module 4: C-TPAT Security Awareness

Essentials of Export Controls

Module 1: Export Control Basics

Module 2: Classifying your Item and Determining if you need a license

Module 3: General Prohibitions including Prohibited End-users and End-uses & activities

Module 4: Using License Exceptions

Module 5: License Application and Supporting Documentation

Module 6: Export Clearance and Record keeping

Module 7: Introduction to BIS Deemed Export Policies

Module 8: Overview of the Antiboycott Provisions of the Export Administration Regulations

This program is sponsored in part by PO Horizon and by Global4PL Supply Chain Services.

We hope you enjoy these training programs. All we ask is that you complete a short survey at the end.

Thank you for your continued support of the GSCLG. If you have topics for additional training programs please submit your ideas in the suggestion box at <http://www.gsclg.com/eCollege.php>.

To begin, please select: <http://www.gsclg.com/eCollege.php>

THE PHARMACEUTICAL SUPPLY CHAIN SUMMIT

Balancing Risk, Improving Compliance and Optimizing Performance
in the Temperature-Sensitive Drugs' Supply Chain

JUNE 28-29, 2010 • INTERCONTINENTAL HARBOR COURT BALTIMORE, BALTIMORE, MD

With the atmosphere surrounding the pharmaceutical supply chain becoming increasingly volatile, Opal Events is pleased to present a temperature-sensitive pharmaceutical supply chain conference that answers difficult questions and provides solid strategies for future growth and success. This event will focus on regulatory and compliance issues, as well as topics affecting pharmaceutical manufacturers, transportation companies, pharmacies and patients.

To date, discussions involving temperature regulation have so far focused heavily on refrigerated drugs, and have not offered the same focus on controlled-room temperature drugs and biologics. The industry is looking for more information and guidance as the FDA takes strides toward more actively regulating these topics. This unique conference will cover these issues thoroughly.

Topics To Be Discussed:

- Navigating global regulatory issues when dealing with a multinational supply chain
- Spotlight on the politics and regulatory issues surrounding ambient pharmaceuticals
- Best practices for effective communication of supply chain protocol from manufacturer to patient
- The most up-to-date FDA regulatory and compliance issues from government officials

To register, visit us online at www.opalevents.org or
email us at marketing@opalevents.org

ref code: PSCSA1001



Corporate and Sponsor Membership Information

More reasons to join GSCLG

- Reinforce your company's commitment to support educational efforts by aligning your organization with GSCLG and its mission to provide high quality Supply Chain programs and resources.
- Capture the attention of managers and other decision-makers by exhibiting at GSCLG conferences. Members realize significant discounts and are given priority when selecting their booth location.
- Obtain member discounts on GSCLG conferences and network with the most innovative people in the industry.
- Gain participation in the Global Shipper Consortium program for qualifying companies.

Membership Levels & Dues

Senior Executive Membership - By Invitation Only

(For Supply Chain executives at VP / SVP / C-Level)

This membership is by invitation only, for senior Supply Chain executives of non-service provider corporations. This is not intended for sales or business development, but rather it provides a truly unique networking opportunity for senior executives at their level or higher. Membership is contingent on confirmation of the applicant's senior executive position for a non-service provider and subject to approval by the GSCLG Membership Director to ensure a balance of industries and networking opportunities.

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- Listing in sponsor directory distributed at all GSCLG specialty conferences
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(For companies with up to 500 employees)

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- One pre-conference workshop at annual conference (\$400 each)
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- Company profile and web link

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(For companies with up to 20 employees)

- Includes individual member benefits for 10 employees
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- One pre-conference workshop at annual conference (\$400 each)

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- Cross-advertising program

Contact: andrea.kostelas@gsclg.com for pricing information

We welcome your company's involvement as a GSCLG sponsor, a corporate, or an individual member!

[Click Here To Register!](#)



Calling all Nominations for the 2010 Supply Chain Excellency Awards!

Could you be one of the 2010
award recipients?



**The Global Supply Chain Leaders Group (GSCLG) Is Calling for
Nominations for the Supply Chain Executive of the Decade and for the 2010
Top 25 Supply Chain Executives 2010.**

The award, which was created to honor CEOs and supply chain executives who have made a significant contribution to the advancement of the Supply Chain Industry, are presented on an annual basis. The 2010 recipients will be honored during the Annual Global Supply Chain Leaders Award Dinner on October 21, 2010 held in San Jose, CA.

The "2010 Top 25 Supply Chain Executives" will be highlighted in a future edition of the Global Supply Chain Review. To see who has won in the past, please visit http://www.gscreview.com/home_com.php

The "Supply Chain Executive of the Decade" will be announced and presented to the most outstanding individual at the next annual Global Supply Chain Leaders Group Forum, at the same dinner in October. In addition, a donation will be made in the name of award winner to his / her charity of choice.

Nominations for the 2010 Award must be received by the GSCLG no later than July 16, 2010. Nominations should include the following:

- Name of the nominee
- An introduction to the nominee (in letter format) with an explanation of why the individual is being nominated
- Award for which the individual should be considered
- Contact information of the nominee

Nominations should be submitted via http://gscreview.com/nomination_2010.php. In the coming months, the GSCLG Award Committee will review the candidates' qualifications and select the most deserving recipients. We encourage anyone to nominate the person that you believe should be recognized for his or her body of work in Supply Chain.



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GLOBAL SUPPLY CHAIN REVIEW

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The Global Supply Chain Review is a publication of the

Global Supply Chain Leaders Group.

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