

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



Look at what's inside 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 are 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.

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.

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.

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Who We Are: We are a team of high-performance, hands-in industry veterans that come to the table with proven experience. We deploy experts in import / export compliance, multi-mode transportation, partner negotiations, third party logistics, and general operations management to implement innovative solutions with immediate, measurable results. Our resources, along with our supply base management techniques, collaborative communication infrastructure, and technologies frequently produce savings of 15% to 25% of a company's logistics spend.

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Transportation Cost Savings
We conduct a 12 day no-cost audit of your transportation spend and identify opportunities for cost savings in areas such as rate reduction, coding errors, commodity code misclassification, or service level requirements. At the conclusion of this audit we present you with our findings and recommendations, including a quantifiable cost savings opportunity.

Client: Large West Coast contemporary clothing retailer
Concern: The client company was concerned that its global transportation expenditures were escalating and they could not pinpoint cost savings opportunities. The company also desired to establish a best-practices import compliance program to eliminate non-compliance entries and subsequent risk of fines and penalties.
Results: Global4PL conducted a post-audit of recent freight invoices and shipments, and discovered transportation cost savings totaling over 27% net cost savings. Global4PL reviewed the company's import compliance program and documented required changes to achieve best practices status, and identified classification changes to comply with US CBP regulations.

CBP ISL and SOL Compliance
We offer a comprehensive set of services to ensure compliance with import / export regulations and to improve the efficiency of your compliance processes. We develop and document a comprehensive import / export program, present to your master with CBP and / or ISL in the event of an audit or entry. We will level our errors to avoid costly fines. We will identify any duty savings opportunities.

Client: Large telecommunications manufacturer
Concern: The client company had a small logistics staff with limited import/export compliance expertise and a potential risk of non-compliance in import/export operations.
Results: Global4PL compiled a best-practices import/export compliance program that detailed compliance procedures, documentation formats and related research methods and requirements. Global4PL reviewed all product HTS commodity codes and uncovered a classification error. Then, to rectify the past error, Global4PL presented thorough documentation of the error, calculated duties owed to US CBP and prepared the post-entry filing for submission to US CBP. The self-disclosure was accepted by US CBP with no assessment of penalties and no further action.

Logistics Strategy
We conduct a complete review of your supply chain management that spans all movement and storage of raw materials, work in process inventory, and finished goods from point of origin to point of consumption. We provide a complete assessment of your internal and external distribution, warehousing and inventory management to implement innovative solutions with immediate, measurable results. Our resources, along with our supply base management techniques, collaborative communication infrastructure, and technologies frequently produce savings of 15% to 25% of a company's logistics spend.

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"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."

JB Delaney
Director, Supply Chain
Infraera Corporation

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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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of crisis and opportunity

stands

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PO Visibility Tool



PO Horizon is an intuitive, intelligent visibility tool for all of the different users (Procurement, Purchasing, and Logistics, etc.) in your company. PO Horizon will collect shipment data from multiple sources and present only the information you need to see. In addition, it will eliminate the multiple of user names and passwords going the other way to eliminate status information through just one web portal.

Document Retention Tool



As an importer and/or exporter, you are aware of the GDP (Customs & Border Protection) and ISD (Bureau of Industry & Security) recordkeeping regulations, whereby your company is required to keep all records of import and export transactions for a period of five years. Our online document center will not only help to satisfy the government's regulations, but it will also facilitate access for everyone in your company. You save time in searching for documents and money for storage space.

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Simply create your export paperwork online or integrate your existing system with our export solution. Our export document and compliance tool has a simple interface, but it is coupled with a powerful, data-rich search engine. For the Bureau of Industry & Security (BIS), you make a search and complete export paperwork with validated lists of all denied party activities performed. You can file your Shipper's Export Declaration (SED) directly with the Automated Export System (AES) and for your customers overseas, you can customize any of the available documents to suit your customer's individual requirements.

SCM Training



We emphasize best practices in customer-oriented, solution-based training programs. Global4PL brings top organizational development experts to meet your company's goal of building a high-performing supply chain team. Global4PL provides award-winning supply chain training, online, on-site, 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 evolve and implement global supply chain programs. Our consulting and implementation services gain an effective and efficient integration of process, systems, and training. Our clients include high-tech, retail, and manufacturing companies.

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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 Paulo, 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.

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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.



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](#)

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.

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.

Complete Global Supply Chain Visibility... in just one system

Key features listed on the smartphone screen:

- Part Numbers Status
- Purchase Order
- Shipment Status
- Customs Clearance
- Freight Charges
- Document Management
- Reporting

Supply chain roles shown in a network diagram:

- Suppliers
- CMs
- Vendors
- 3PLs
- 4PLs
- Carriers
- Forwarders
- Customs Brokers

Devices shown: Smartphone, Tablet, and PC monitor.

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Results:
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CBP ISF and SOI Compliance
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Client: Mid-size computer company
Concern: The client company had a small logistics staff with limited import/export compliance expertise and a potential risk of non-compliance in import/export operations.

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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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The SCM's Path to CEO

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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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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.

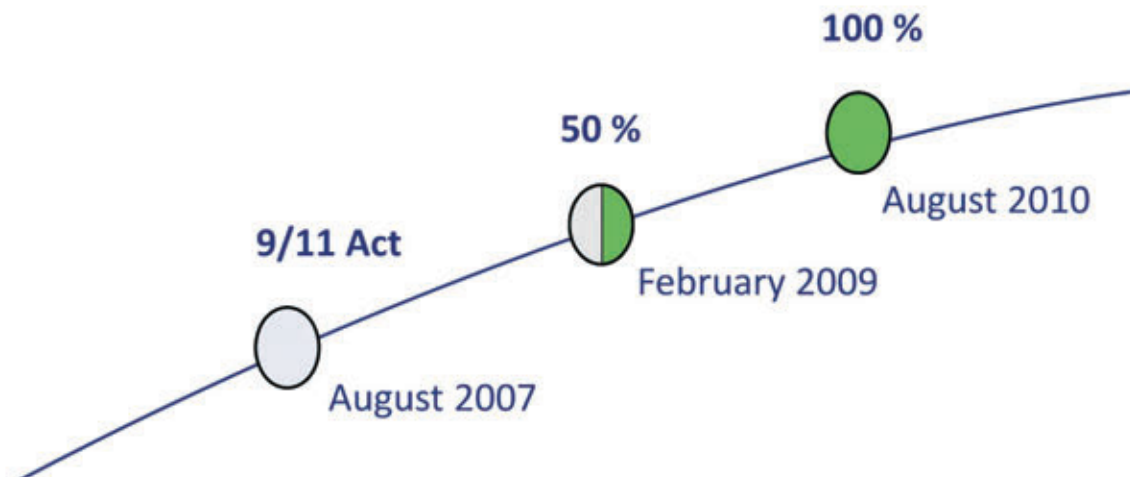
Dave Burnell – *Transportation Security Administration*

Marilyn Christiansen – *Transportation Security Administration PCSA*

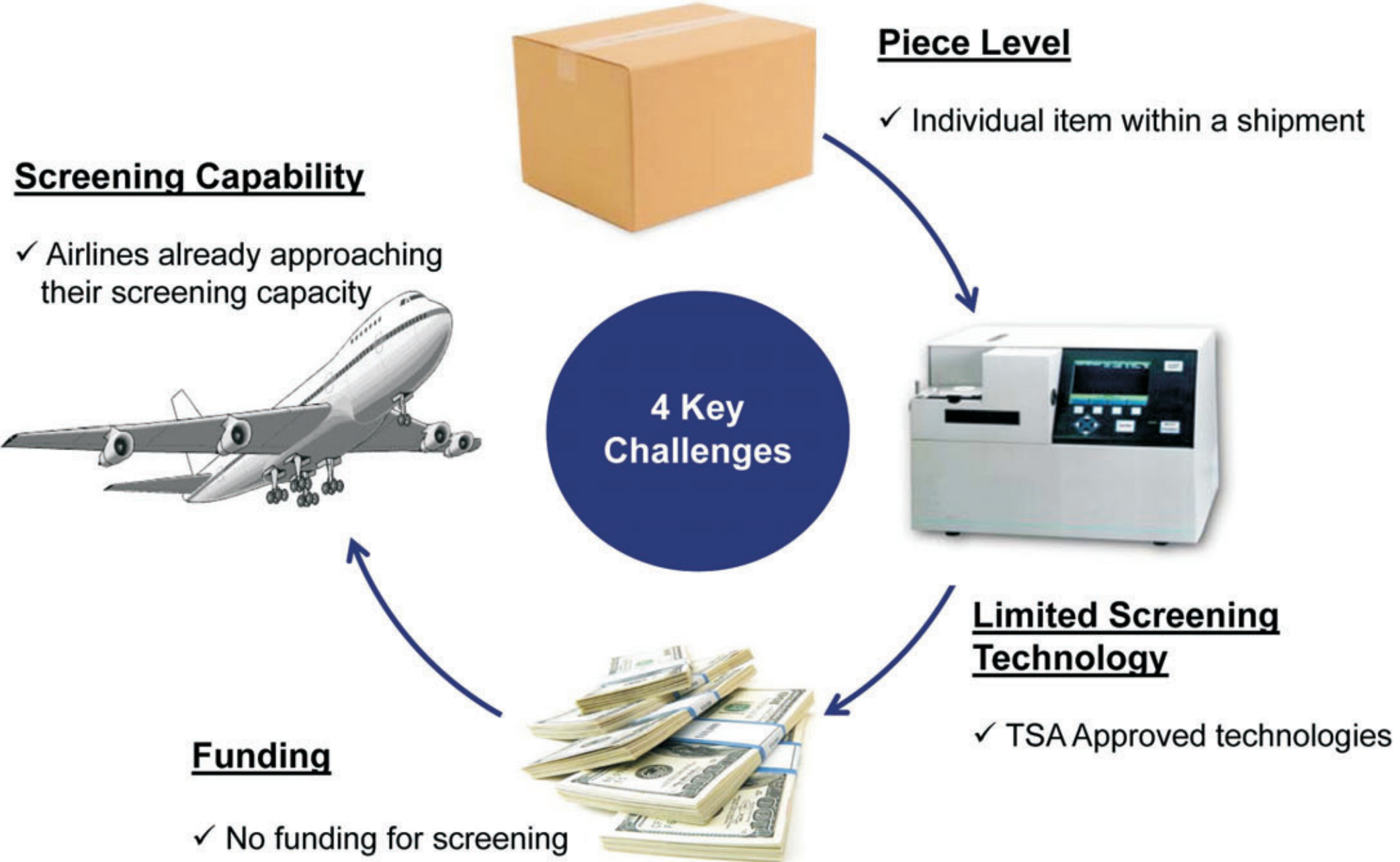
Law – 100% Screening Legislation

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



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



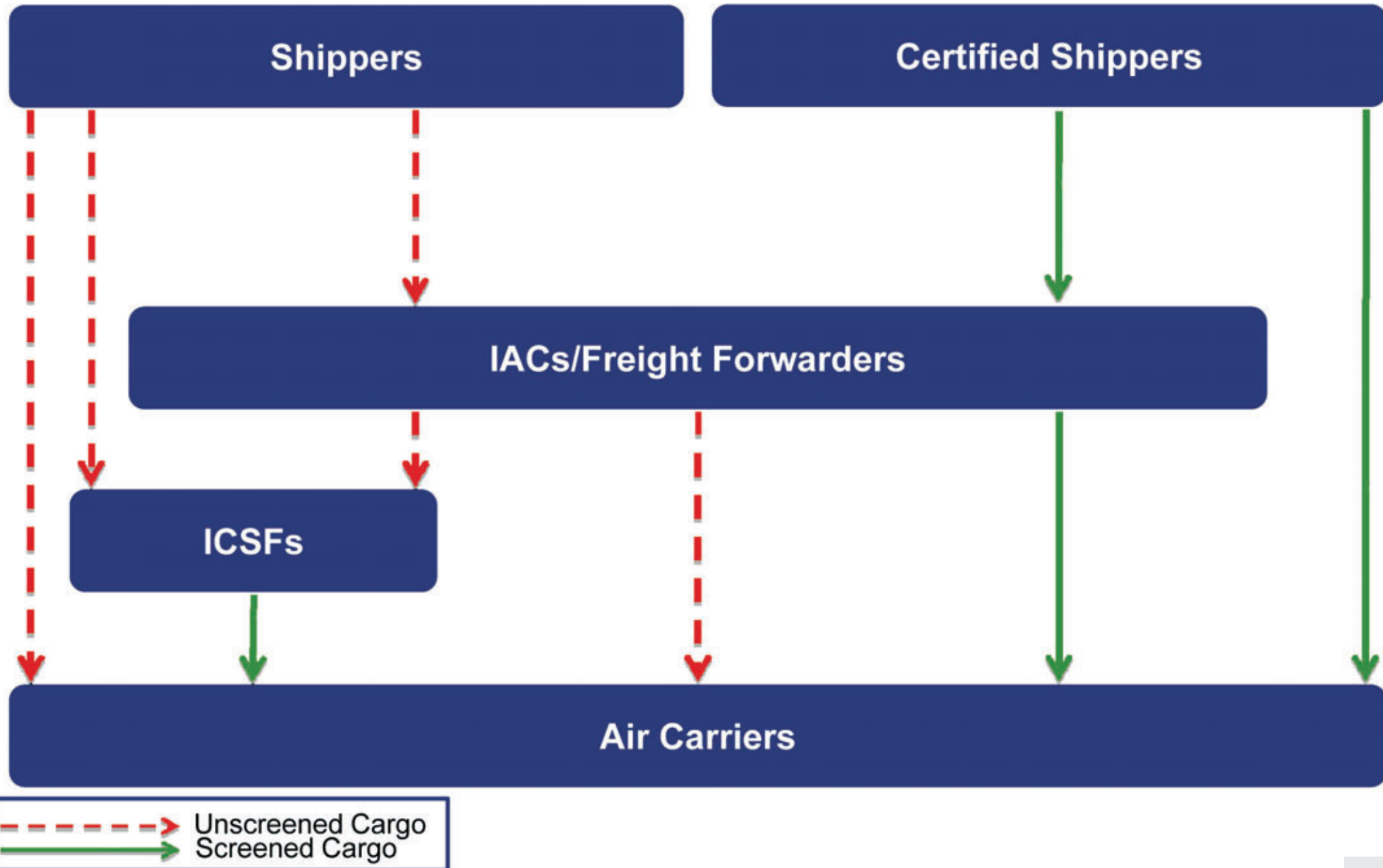
- Sealed drums
- Possibly toxic if opened
- Liquids/powders



- 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

- Physical
- Personnel
- Training

Security

Screening

- Physical Search
- Technology

- Locks
- Tape
- Procedures

Chain of Custody

> 90% of shippers use physical search!

CCSP is impacting the supply chain positively

IAC Participation

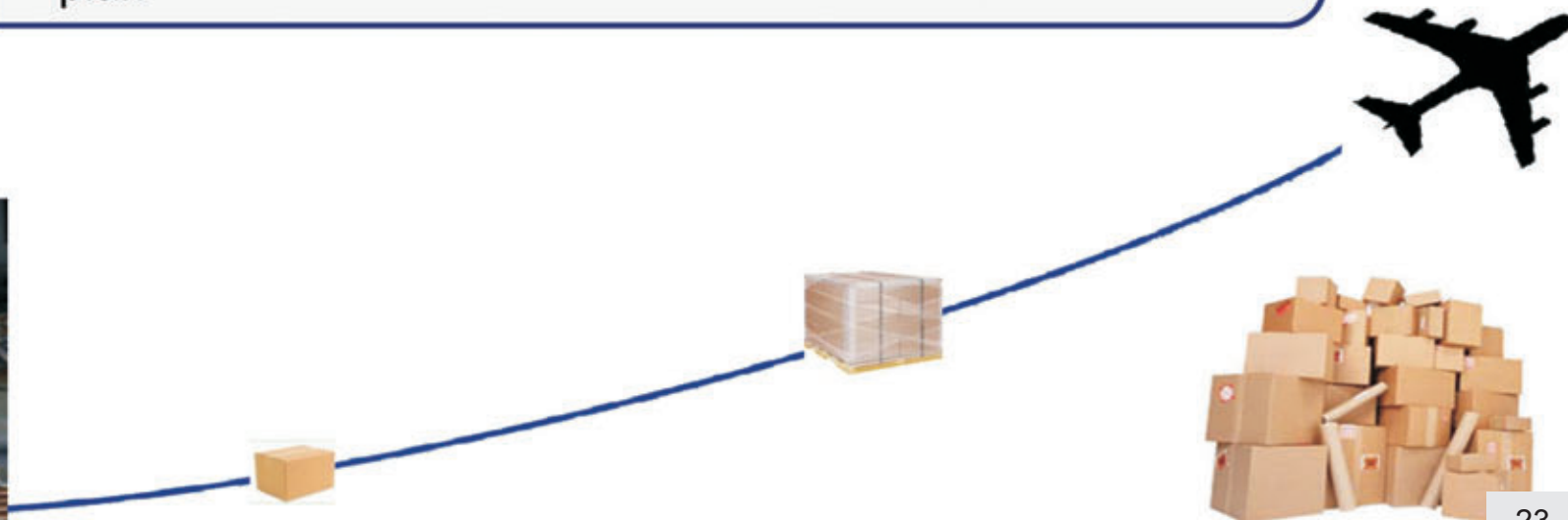
- Solid contribution from CCSF IACs helps in major U.S. gateway markets (wide-body aircraft)

Shipper Participation

- Limited shippers in program to date

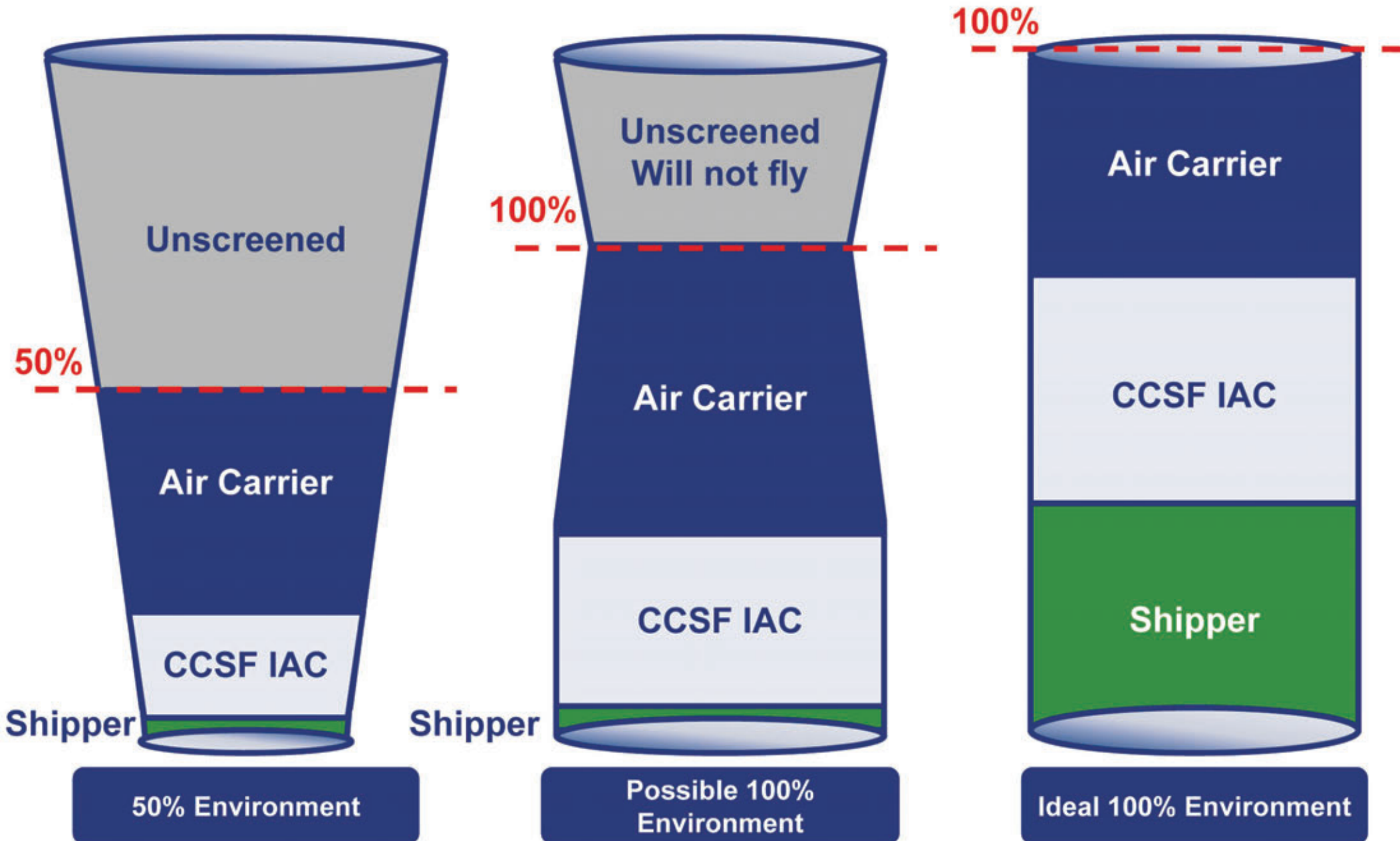
TSA Concern

- 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

Your Decision:

Screen your own shipments

CCSP

Pay someone to screen for you

IAC/ ICSF/ AC

27

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

00Day

and counting...

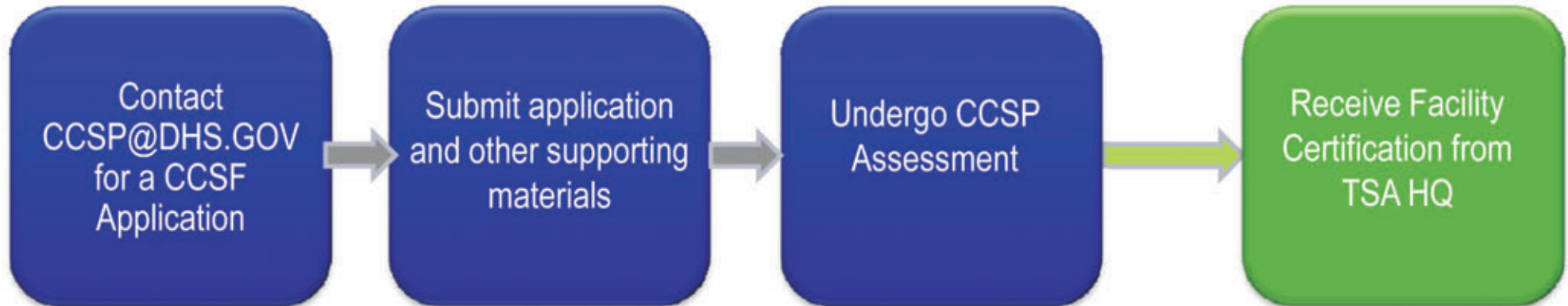
Summary

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 left is the U.S. Department of Homeland Security seal. The main header reads "SAFETY ACT" with the subtitle "Support Anti-terrorism by Fostering Effective Technologies Act of 2002". To the right are links for "Home", "Feedback", and "Login". Below the header is a navigation bar with links: "ABOUT", "FAQs", "HELP TOPICS", "HELP REQUEST", "FORMS & INFO", "SECURITY/PRIVACY NOTICE", and "DHS.GOV". The main content area features a large banner with the text "Encouraging the Development and Deployment of Anti-terrorism Technologies" and a "Download Application Kit" button. On the left side of the banner, there is a sidebar titled "DESIGNATIONS / CERTIFICATIONS" with three links: "DT&E Designations for Homeland Security", "Designations for Homeland Security", and "Approved Product List for Homeland Security". The banner also includes three small images: a DNA helix, a chemical structure, and a molecular model.

- 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

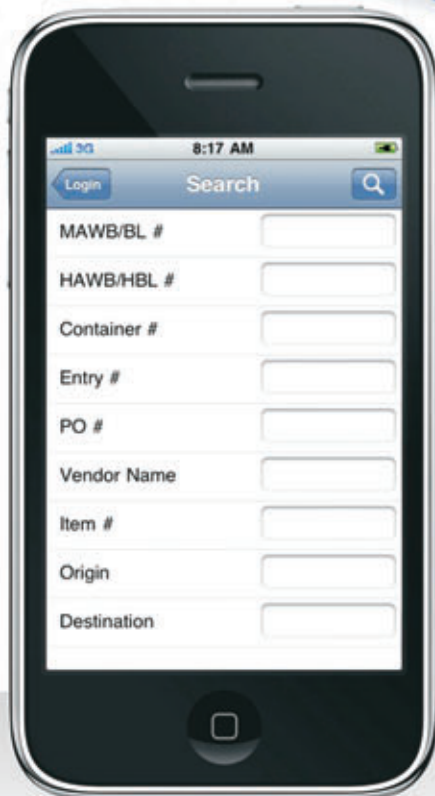
Please Contact Us

- 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>

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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.

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- 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

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ref code: PSCSA1001



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.

Platinum Sponsor (\$25,000)

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- One free exhibit space (10' x 10') at GSCLG's annual conference (\$2,250)
- Four annual conference registrations (\$800 each)
- Four pre-conference workshops at annual conference (\$400 each)
- Two seats at each of the Senior Executive Networking Dinners
- Listing in sponsor directory distributed at all GSCLG specialty conferences
- Company profile and web link
- One full page advertisement in monthly GSC Review (valued at \$48,000)

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- Includes member benefits allowing for opportunities for growth so that the individual may become a future corporate member
- Up to fifty percent discount to all GSCLG events
- Access to members-only events

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- Listing in sponsor directory distributed at all GSCLG specialty conferences
- Company profile and web link
- 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!

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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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