

## Viewpoint: Finding Cost Effective Solutions for Denied Parties Screening

An automated Denied Parties Screening (DPS) process can be a cost-effective element of an export compliance strategy. Legislation such as the Export Administration Regulations in the U.S. requires that exporters, freight forwarders, carriers, consignees and other participants involved in the export of products or materials must adhere to rigorous international trade regulations and screen all parties involved in cross border shipments. This makes it more important than ever for logistics companies to perform due diligence and ensure that they are compliant with these regulations, since failure to comply can result in heavy administrative fines.

As part of an overall corporate export compliance strategy, logistics companies should incorporate an automated “denied” or “restricted” parties screening process. While there is a slight expenditure associated with automation, the conversion easily pays for itself in savings from potential fines, as well as in reduced labor costs. Automation is all about creating efficiencies in productivity, which in turn drives down labor expenses and overall costs.





## Automated systems provide cost savings for freight forwarders

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### Automated DPS system ensures compliance and increases efficiency and cost savings within the supply chain.

With freight volumes increasing, many freight forwarding offices are extremely busy; and meeting increased operational demands with existing staff is a challenge. As trade continues to expand, there is mounting pressure on companies to complete their work on time and 'keep the freight moving' through the supply chain.

With manual compliance processes, effective screening of trade parties can occasionally be overlooked or 'skipped' due to time restraints. It takes five to 10 minutes for a clerk to properly screen a shipment and check multiple parties involved in the global shipment against numerous data lists. The results then must be manually logged against the file to meet compliance regulations. That is time lost that could have been used to work on the next export file.

In industries such as international logistics and freight forwarding, the greatest single expense is the cost of labor. By converting to a highly technical DPS system, however, the necessary workflow to meet compliance regulations and avoid fines is greatly improved, while cutting overall expenses.

Inherent in a forwarder's export screening strategy is the need to regularly re-screen parties that have been previously screened. Using an automated software system that proactively re-screens the different government lists *every day* ensures that companies are automatically notified when the status of a trading partner changes.

This eases concerns that a party involved in a shipment has not been recently added to a DPS list and ensures that every shipment is being properly screened. It also enhances workflow by enabling staff to quickly move on to the other files instead of constantly rechecking the lists manually each day or each week.

When selecting an automated DPS solution, freight forwarders should insist that the system be tightly integrated into their back office software solution to be compliant and cost effective.

Ultimately, even if an automated system is outsourced to a third party technology provider, forwarders need this information to be available at the desktop level. The tighter the integration into back office solutions, the more efficient the process will be, as there are multiple parties to check on every export transaction, and it is inefficient to leave the shipment input screen to search on another internal or external system to check on that party's status.

With an automated system, a user will not even have to think about denied parties screening because he or she will know the automated system takes care of this for them! A tightly integrated system will alert the user *proactively* when there is a potential screening issue and the user can react accordingly.

When effectively designed and implemented, a secure, automated DPS solution is not an additional expense, but a cost savings to a freight forwarder.

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