Asia-Pacific
Economic Cooperation

Supply Chain Security in APEC: Government Industry Partnerships

Submitted by: IBM

STAR IV
Ha Noi, Viet Nam
24-25 February 2006

Slide 1

IBM

**Supply Chain Security in APEC:
Government Industry Partnerships**

Debbie Turnbull

Program Manager, IBM Supply Chain Security

25 February 2006

© 2006 IBM Corporation

Slide 2

IBM

IBM Company Profile

- Manufacture and sell computer services, hardware and software

- World's largest consulting organization (IBM Global Services)
  - 320k employees
  - 160 countries
- 50+% revenues from sales outside the United States
  - direct sales
  - third-party distributors and resellers
  - e-business
- Global Volumes (2004)
  - 2500 Customs declarations / day
  - U$D 68M / day
  - 2.5M kilos / day

2   SCS in APEC – Government Industry Partnerships | Debbie Turnbull   © 2006 IBM Corporation

Slide 3

IBM

Supply Chain Security Goals

- Implement a more secure supply chain that yields greater trade efficiencies

- Create Industry/Government Partnerships in the development of security and trade initiatives

- Achieve Global Commonality of Supply Chain Security Criteria, Customs Declarations Data and Processes

- Promote voluntary industry participation that provides collateral benefits

IBMers Value — Dedication to every client's success.
Innovation that matters—for our company and for the world.
Trust and personal responsibility in all relationships.

3   SCS in APEC – Government Industry Partnerships | Debbie Turnbull   © 2006 IBM Corporation

Slide 4

IBM

IBM Participation in Government Industry Programs

Early Adoption of Government Anti-Terrorism Trade Programs

Customs Trade Partnership Against Terrorism (C-TPAT)

Partners in Protection (PIP) Canada

Business Anti Smuggling Coalition (BASC) Mexico

4   SCS in APEC – Government Industry Partnerships | Debbie Turnbull   © 2006 IBM Corporation

Slide 5

IBM

Participation in Voluntary Partnership Programs Benefits Governments and Industry

- Completing partnership application and security profile requires:
  - internal collaboration of multiple internal stakeholders (e.g., Import Compliance, Corporate Security, Procurement, Personnel, Global Logistics, Legal, etc.)
  - engaging our supply chain partners

- Validation process with government is a two-way learning experience, promotes sharing of industry best-practices

- Voluntary partnership:
  - promotes stronger relationships and open communication that lead to continual learning and improvement of security practices as circumstances and threats change
  - enables flexibility to adapt program quickly

- Adoption of harmonized partnership programs by other countries will prevent conflicting requirements and unnecessary inefficiencies in a global supply chain

5   SCS in APEC – Government Industry Partnerships | Debbie Turnbull   © 2006 IBM Corporation

Slide 6

IBM

Encourage Industry Participation Through Research, Conferences and Trade Publications

Research

Report on Enhancing Supply Chain Security with Michigan State University

Report on Supply Chain Security Return on Investment (ROI) research with MIT

Quantitative supply chain security ROI research study with Stanford University

Conferences

IBM Supply Chain Security supplier conferences April 2004 and June 2005

Publications

New York Times
Financial Times
Journal of Commerce

WCO Magazine
Logistics Quarterly
Cargo Security Int'l

6   SCS in APEC – Government Industry Partnerships | Debbie Turnbull   © 2006 IBM Corporation

Slide 7

Encourage Partnership Programs through Collaboration with Customs

Strengthen relationships with 20 Customs organizations in countries most critical to IBM's Supply Chain

- Promote partnerships between customs and industry on supply chain security
- Discuss support needed for common standards and mutual recognition – e.g., WCO Framework
- Expedite implementation of supply chain security programs as outlined in the WCO Framework

Customs Organizations		
United States	Canada	Korea
Mexico	Japan	Brazil
European Commission HQ	Taiwan	India
Germany	Singapore	Russia
United Kingdom	Malaysia	France
Ireland	Thailand	Hungary
Australia	China	

Slide 8

IBM views Supply Chain Security as an Industry Competitive Imperative

Efficiency
- Faster goods movement at border
- Reduced cycle time
- Streamlined global processes

Responsiveness
- Faster customer deliveries
- Improved customer satisfaction

Productivity
- Lower inventory costs
- Lower cost of doing business

Image
- Customs relationship
- Protects brand image

Slide 9

Partnership Programs Can Generate Benefits for Governments

Efficiency
- Need less time to clear shipments from program participants
- Opportunity to streamline processes

Responsiveness
- Faster customs clearance for program participants
- Improved importer satisfaction

Productivity
- Focus Customs resources on shipments from less known importers
- Potentially less overtime / reduced Customs costs

Image
- Enhanced country image
- Viewed as industry partner

Slide 10

In Summary, Security Protects but also Makes Good Sense for Industry and Governments

IBM is committed and passionate about Supply Chain Security

- Import across 160+ countries
- Industry and governments need to work together to assure supply chains are secure
- WCO framework creates opportunity for common standards globally
  – Establishes uniformity and predictability
  – Reduces multiple and complex reporting requirements
  – Provides opportunity for mutual recognition

Result is greater resilience, continuity and competitive advantage

Slide 11

Questions?

IBM

drturnbu@us.ibm.com

2