



**Asia-Pacific  
Economic Cooperation**

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## **Public-Private Partnerships Towards a Single Window**

Submitted by: Crimson Logic



**Ease of Doing Business Workshop on Trading  
Across Borders  
Sendai, Japan  
18-19 September 2010**



## Public-Private Partnerships towards a Single Window

CTI 12/2010T:  
Ease of Doing Business Workshop  
on Trading Across Borders  
Sendai, Japan, 18-19 September 2010

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## Agenda

1. Single Window Models – A Recap
2. Establishing the Single Window - What are the Costs?
3. Operating the Single Window - What's involved?
4. PPP Approach - Managing & Transferring Risk
5. Structuring the PPP – Establishing a "Special Purpose Vehicle
6. Suggestions for the Way Forward

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## Intro to CrimsonLogic



We work in **partnership** with Governments so that they may serve their citizens better by harnessing the **transformative power** of information technology



Incorporated in March 1988  
Four shareholders:



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## Our Trade Facilitation Track Record

	Country	Project	Go Live Date	Business Model
1	Singapore	TradeNet® / TradeXchange	1989	PPP
2	Mauritius	Mauritius TradeNet	1994	PPP
3	Ghana	Ghana Community Network	2002	PPP
4	Panama	Panama Canal Authority	2004	Self Funded
5		Colon Free Trade Zone	2008	Self-Funded
6		Panama Customs	2009	
7	Saudi Arabia	SaudiEDI	2006	PPP
8	Madagascar	Madagascar (GASYNET)	2007	PPP
9	India	Port Community System	2007	Self-Funded
10	Ivory Coast	Ivory Coast TradeNet	2008	PPP
11	Qatar	Qatar Customs Clearance Single Window	2010	Self Funded
12	Trinidad & Tobago	Trinidad & Tobago Single Electronic Window	2011	Self Funded
13	Mozambique	Mozambique TradeNet	2011	PPP

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## Single Window Models – A Recap

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## Trade Facilitation Value Drivers

**Value drivers**

- Clearance speed**
- Cost of trade**
- Security & compliance**
- Productivity**

**Enabling strategies**

**Fundamental strategies**

1. Disengage payment process from physical transaction
2. Enable and encourage electronic information input and submission
3. Develop public-private partnership models with trading community
4. Integrate internal governance process across relevant departments
5. Enhance collaborative teaming

**Leading practices**

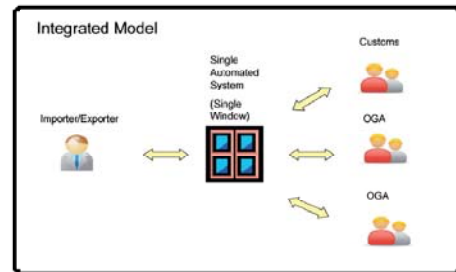
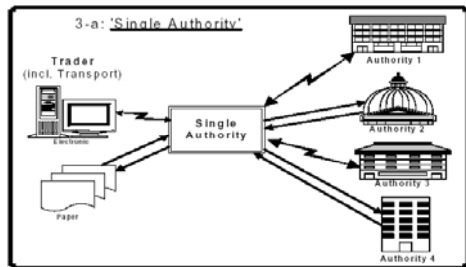
6. Adopt a risk management-based compliance approach
7. Implement and/or encourage preclearance and pre-certification programs
8. Integrate revenue collection into industry payment reconciliation processes
9. Implement strategic targeting programs
10. Exploit new technologies to streamline port and clearance procedures
11. Integrated service delivery/whole of government

**Emerging trends**

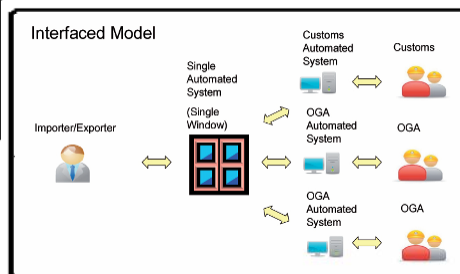
12. Adopt virtual border clearance activities
13. Adopt standardized international payment methods
14. Consolidate and apply all available data to improve interdiction
15. Develop business partner capabilities with key industries
16. Develop new/expand international partnerships
17. Develop public-private information sharing mechanism

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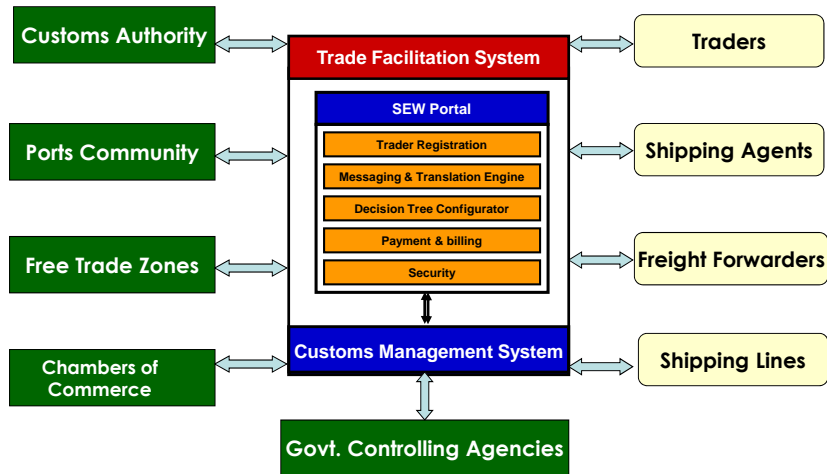
- **Single Window** - One-Stop Service G2B & B2B Portal for Trade & Port related Procedures.
- **Paperless environment** - maximising the use of electronic documents / electronic data interchange (EDI)
- **E-Commerce Platform** for electronic trade and modern working methods - Guidelines , Legal provisions
- **Harmonisation & Simplification** of existing practices & procedures - alignment to International and regional conventions
- **Data Collection** of accurate management and statistical information in order to make better business decisions
- **Risk management & Profiling** to reduce fraud
- **Zone Trade Community**
  - Green Lane / Super Green Lane
  - Electronic Funds Transfer / Collection for Customs



## APEC SW Implementation Guidelines



### Business-to-Gov Single Electronic Window



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- The National SW as Key Project for eCommerce B2G2G transactions
- Identify a Agency as lead Govt agency in:
  - Role model for B2G transactions (eGov)
  - Role model for G2G interaction (iGov)
  - Centre of excellence for risk management
  - Usually the Customs Authority or Ministry of Finance or Ministry of Commerce are candidates as the lead Govt agency

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What are the Costs Involved

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## SW Development Cycle

**PLAN**  
Strategy and Roadmap

Chart vision  
▼  
Create strategic plans  
▼  
Streamline processes

**BUILD**  
Development

Design architecture  
▼  
Setup infrastructure  
▼  
Develop service applications

**SUSTAIN**  
Operations

Service support  
▼  
Drive adoption  
▼  
Continued service enhancements

**SINGLE WINDOW SERVICES**

Services 1	Services 2	Services 3	Services 4	Services 5
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**CHANGE MANAGEMENT & ADOPTION**

Communication Campaigns	Customer Relationship Management			
	Call Center	Training	Technical Support	Service Bureau

**SERVICE-ORIENTED ARCHITECTURE**

**COMMON SINGLE WINDOW COMPONENTS**

E-payment	Billing System	Document Hub	Portal Framework	Message Hub
Business Process Integrator	Customer Service Support	Authentication and Authorizations	Optical Doc Security	Customer Management

**SCALABLE TECHNICAL INFRASTRUCTURE**

Data Centre	Firewalls	Facility Management
Database	Servers	Network

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## Costs in Single Window?

### Design & Dev'tment Costs

- Typically >> 10 M
- Funded by Govt
- Loans or Grants from Int'l Orgs

#### Cost increases if ...

- SW (to Customs only?)
- SW (Customs + # of OGAs)
- SW + Modernisation of Customs Mgt + Border Mgt

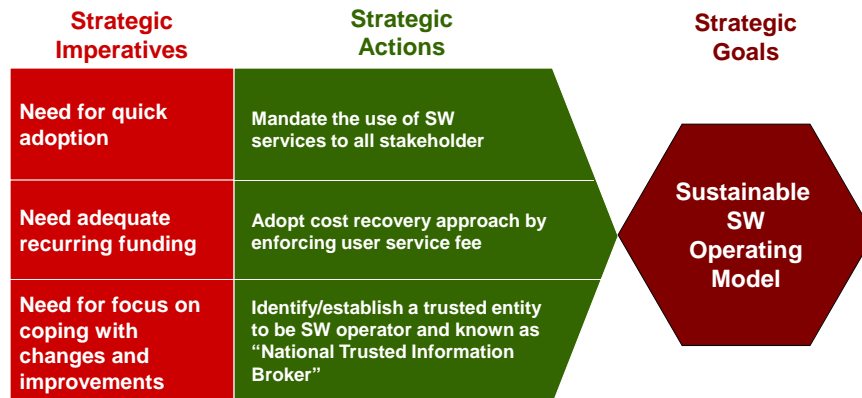
#### Time to implementation

- 2 years ?

### Operating Costs

- Annual cost - typically 20~ 30 % of D&D cost
- Operate, Support & Maintenance of SW assets
- Drives Change Mgt, Adoption & Training
- Min. 40 to 50 staff initially to start SW Operations
- Continual support for Infra, Network, Systems Software, Security, Training
- Servicing to Trading Community; Customs, OGAs

## SW Operation Model








## Single Window Operations & Services - what it entails

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## Scope of Typical SW Operations

- A. SW Application system**
  - Maintenance and support for Application and Network Infrastructure (Level 2 & 3)
  - Hosting and data centre operation
  - Disaster recovery Services
  - IT security management
  - Quality management
- B. Service support**
  - 24/7 Call centre (Level 1) to all users
  - Provision of service centre services (manual transaction)
- C. Capacity development, training and eService Adoption**
  - Train the trainer - Customs and Other government Agencies (OGAs)
  - Training programme
  - Mass training approach - trading community
- D. General Management and Governance**
  - Vendor Management
  - Audit
  - Quality of Service Management (QoS)

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1. **Public Administration Services** which will be use by Customs and Other Government Agencies to administer the trade procedure and regulations. For example, the processing and approval of trader registration, customs declaration, cargo manifest, and many others
2. **SW Services** - consumed by the business trading community.
  - **Regulatory Services** and **Value-Added Services**.
    - **Regulatory Services** are mandatory service are governed by public regulatory frameworks normally enacted in the administrative law. For example, the filing of customs declaration, import permits and etc.
    - **Value-Added Service** are services that do not fall under the regulatory framework and should be introduced and used on a voluntary basis

Type of eTrade Services	User(s)	Mandatory (Yes/No)	Chargeable (Yes/No)
Trading Account Activation	Diplomat	Y	N
	Government	Y	N
	Importer	Y	Y
	Exporter	Y	Y
	Customs Clearing Agent	Y	Y
	Shipping Agent	Y	N
Pre-Arrival Cargo Information	Land Carrier	Y	N
	Air Carrier	Y	N
	Shipping Agent	Y	N
Port Discharge List	Shipping Agent	Y	N
Cargo Manifest	Shipping Agent	Y	N
	Air Cargo Handler	Y	N
	Land Carrier	Y	N
Cargo Location Information	Shipping Agent	N	Y
	Air Cargo Handler	N	Y
Customs Clearing Agent Authorisation (for Electronic Declaration Submission and Temporary Import Application)	Diplomat	Y	N
	Government	Y	N
	Importer	Y	Y
	Exporter	Y	Y
Customs Declaration	Customs Clearing Agent	Y	Y
Appeal Application	Importer	Y	N
	Exporter	Y	N
	Customs Clearing Agent	Y	N
e-Payment	Importer	Y	N
	Exporter	Y	N
Refund Application	Importer	Y	Y
	Exporter	Y	Y
AEO Application	Importer	Y	Y
OGA Permit Application	Customs Clearing Agent	Y	Y
Temporary Import Application	Customs Clearing Agent	Y	Y
Passenger Cargo Customs Declaration	Passenger	Y	Y

## SW Revenue Assumptions & Growth

- Government mandate the use and fee of regulatory services
- Revenue is from Subscriptions & Transactions
- Revenue sharing model is adopted
- Subscription excludes government and official users

### *Example of Projected Growth*

B2G eServices	Revenue Breakdown by %	Expected High Growth Area
Declaration	61.43%	
Import Manifest	22.74%	
Temporary Import Permit	0.09%	✓
Transit Approval	0.01%	✓
Passenger Cargo Declaration	5.52%	
Service Bureau Surcharge	10.22%	

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## Type of SW Charges for Operation

- Registration and Subscription Fee
- Transaction Fee
- Service Fee – change request, service request, professional services and etc
- Service center surcharge

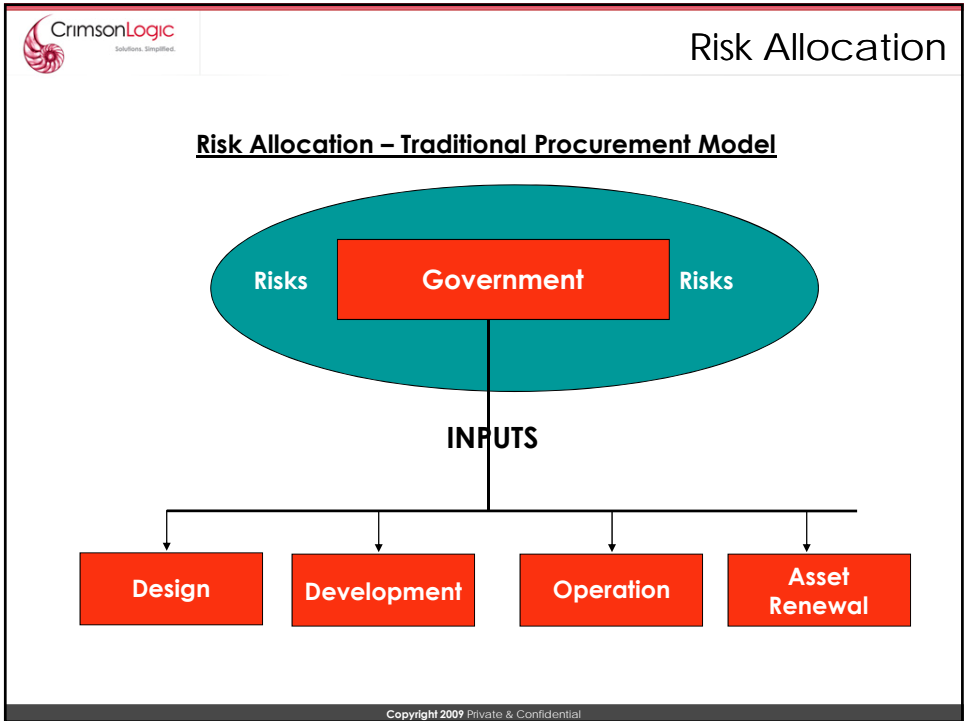
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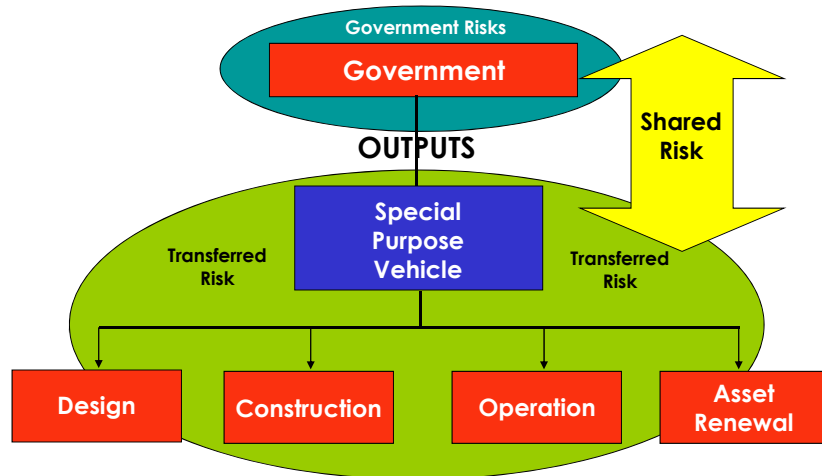
**Partnership** between governments and private companies in developing and implementing services on a risk- and investment-sharing basis

PPP – Managing & Transferring Risk

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## Risk Allocation – Typical PPP Model




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- Objective:

**RISK TAKEN BY PARTY BEST PLACED TO MANAGE IT**

- Optimal risk transfer will enhance Value for Money


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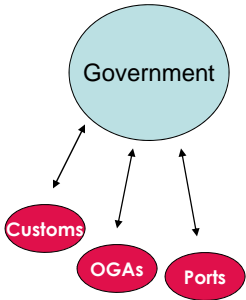
## Structuring the PPP – Establishing a “Special Purpose Vehicle”


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## Contractual Arrangement for SW Operations



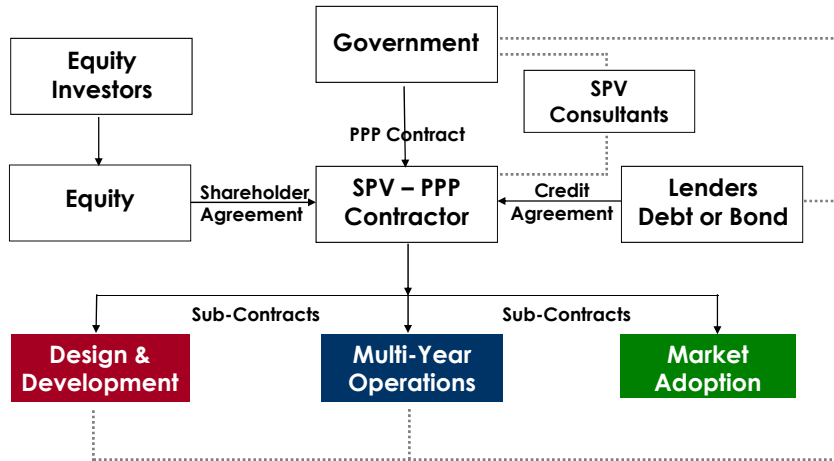




- Appoint “Special Purpose Vehicle” (SPV) as National Information Trusted Broker and award the concession to collect user service fee for a minimum period of 5 years
- Signed with Customs who will represent OGA
- Sharing IP ownership with SPV
- Allow SPV to introduce value-added services

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## Structuring a PPP Contract – Typical Special Purpose Vehicle (SPV) Structure



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### Government Owned SPV

- Singapore - CrimsonLogic
- Taiwan – TradeVAN
- Korea – KNet
- Japan - NACCS



### Public or Public-Private SPVs

- Hong Kong – TradeLink
- Ghana - GCNet
- Mauritius – MNS
- Madagascar - GasyNet



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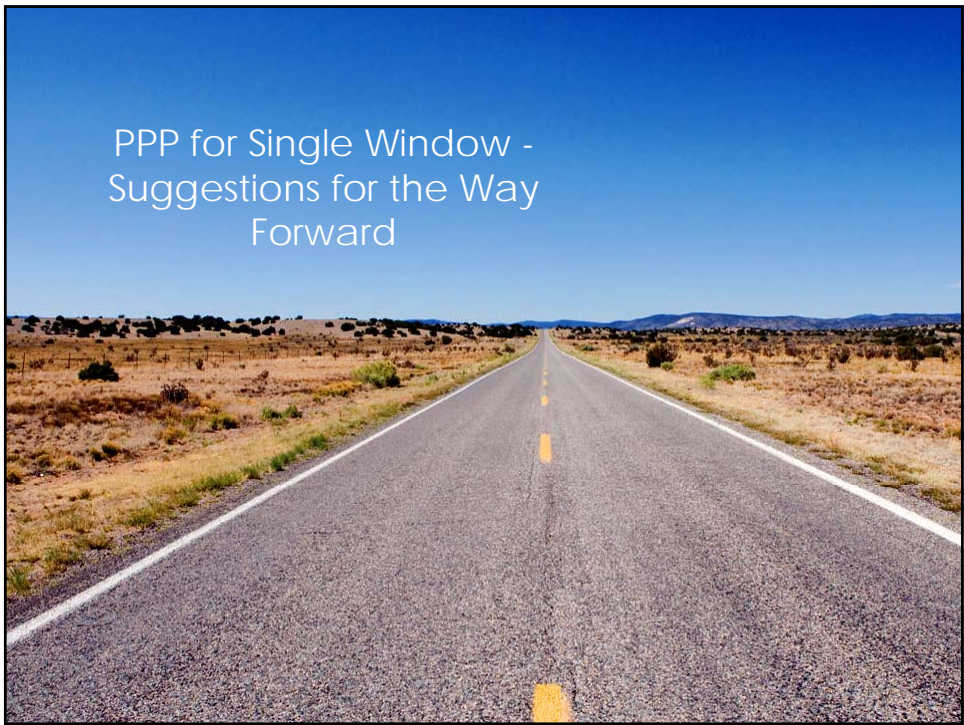
## Pan Asian eCommerce Alliance

The diagram illustrates the PAA.net network, a central cloud labeled 'PAA.net Pan Asian eCommerce Alliance'. Surrounding the cloud are logos for member organizations from various Asian regions:
 

- China:** CIECC
- Korea:** KTFNET
- Japan:** TEDI, NACCS
- Hongkong:** TRADELINK
- Macau:** TRADELINK
- Thailand:** CAT TELECOM
- Malaysia:** Dagang-Net
- Singapore:** CrimsonLogic
- Australia:** Tradegate
- Philippines:** InterCommerce
- Chinese Taipei:** TRADELINK 關貿網路

1. PAA members are local market leaders in e-commerce
2. Strong & close relationship with local government
3. Mass customer base
4. Long years of experiences on electronic document exchange
5. Cross border document exchange can go through PAA network and be input into domestic government system

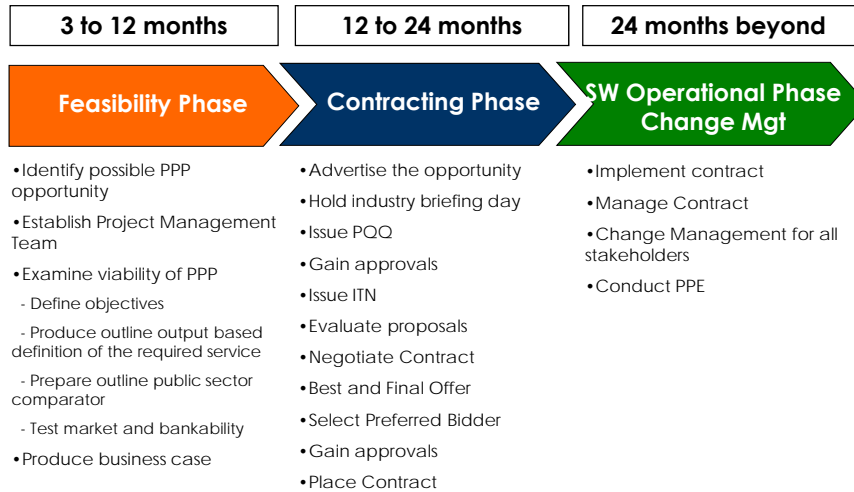
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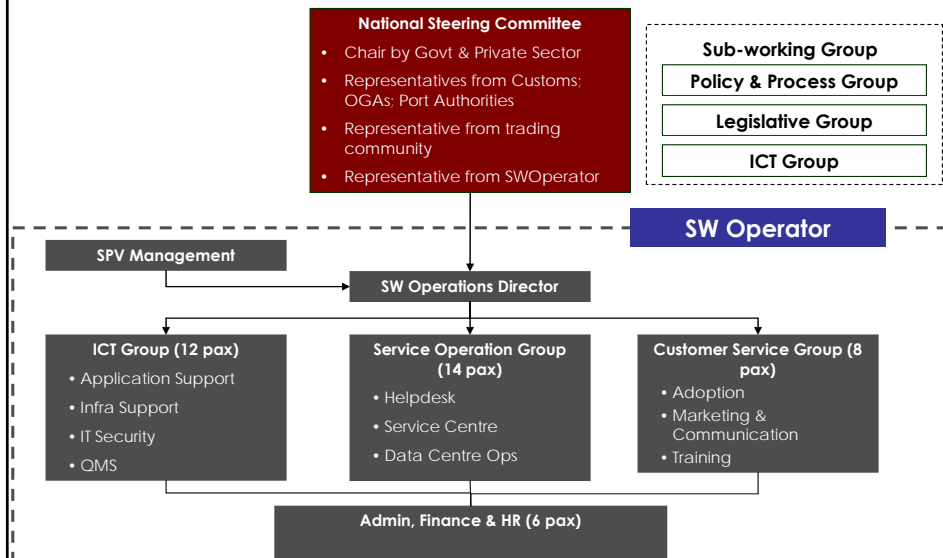
# The PPP Process for Single Window Implementation

## PPP – SPV Engagement



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# SW Operation Structure – Initial Start-up



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### Successful delivery of PPPs for Single Window

- Critical Success Factors include:
  - Coordinated, realistic, efficient approach to procurement
  - Commitment from politicians, civil servants and the private sector
  - Public sector realism for what the private sector can deliver
  - Private sector empathy for what the public sector is seeking
  - Legal framework consistent with procurement and project needs

**NEW SKILLS NEEDED BY PUBLIC AND PRIVATE SECTORS**

### A Balancing Act ....

- National Single Window are complex projects
- Offerings have to be right-sized based on experience





Arigatou  
Gozaimasu

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