



Foreign-Trade Zone Impact

Using the FTZ Program in a Vendor
Managed Inventory or
Cross Dock Operation (Air or Ocean

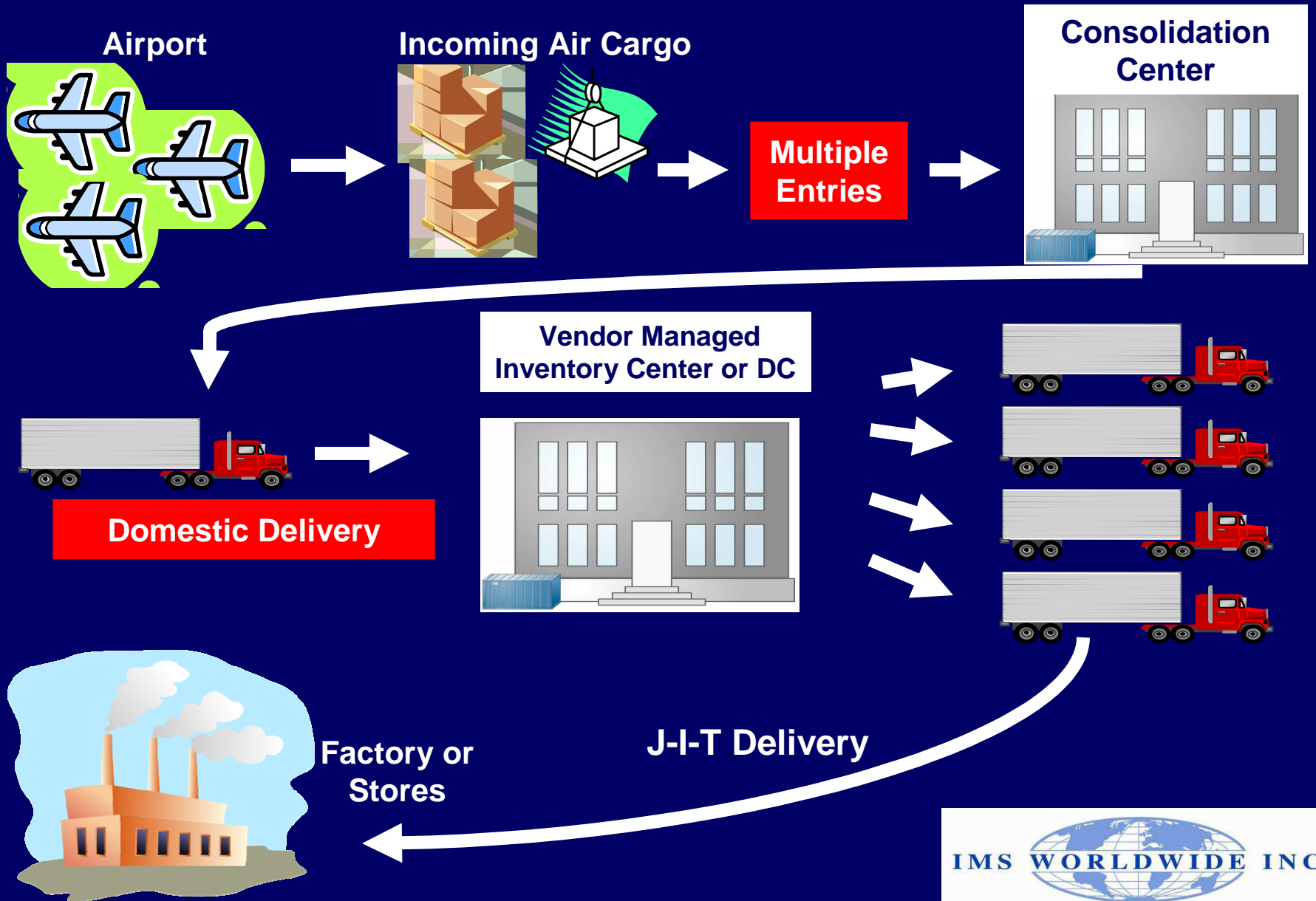
IMSW Concept 2009

- IMSW -- an FTZ consultant for over 30+ years, has created an FTZ Cross-Dock Product that can save your company Substantial Dollars annually.
- NO Change in VMI 3PL
- NO Change in Transportation process
- NO Change in cleared-goods received at factory or DC
- This process simply captures the MPF exactly the same as your clear goods today.

Operational Benefits

- Consolidation of Shipments (same as is done today via a cross-dock)
- One set of Entry doc's per week per Importer, instead of per Bill of Lading.
- A single process flow for all suppliers.
- A Centralized CBP Clearance process
- Limited interaction with inspections

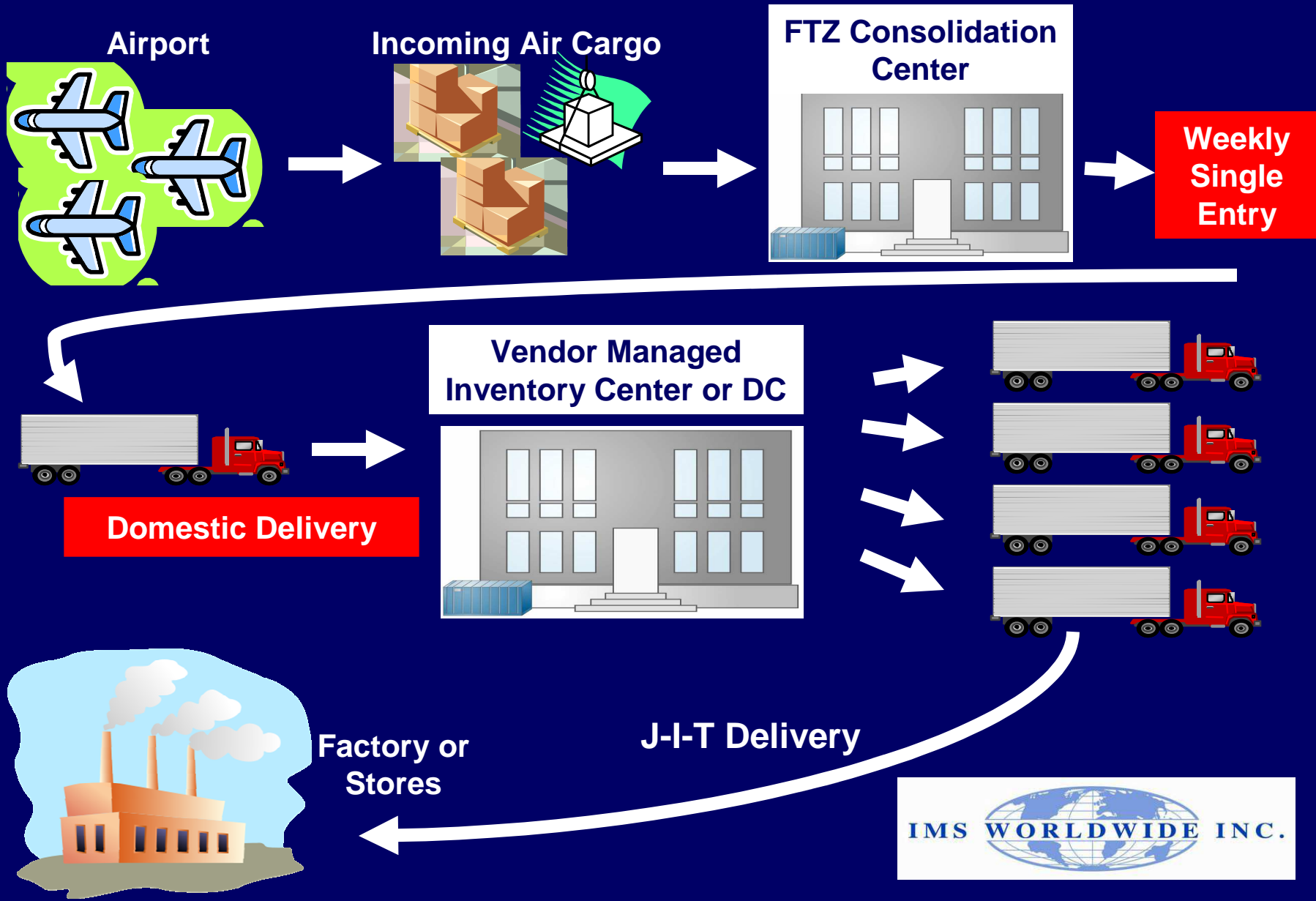
Existing Vendor Managed Operations



Proposed Process

- All Suppliers move their merchandise through the Zone site
- Each shipment is processed with an E214 and an electronic permit to transfer (either by cross-dock Zone Operator or YOUR BROKER!!) Filed over ABI.
- Same in-bound, same cleared product, same transportation, no delays, KEEP THE MPF \$

Proposed FTZ Vendor Managed Operations



Proposed Process

- All Cargo is brought to the Zone and received via manifest quantity
- Any damaged product is segregated
- All cargo is consolidated onto trucks for transport
- A Weekly entry is filed for all the cargo
 - By importer of record (Customer)

CBP Requirements

- All importers of record must be identified as Zone users
- All cargo received in-bond at the Zone must be covered under a 214 or an E214
- All weekly estimates and entry docs must be filed per importer of record
- All cargo released from the Zone must be covered under a weekly entry approval, which is never denied!

Benefits

- Vendors/Importers save an average of \$200,000-\$550,000 per year in MPF-- net of Zone Operator Fees
- For VMI ops, the VMI requirement allows final owner to seek 50%-75% of the costs savings for setting up the VMI!
- For Cross-Dock ops, the MPF is “found \$\$”, NET OF ALL COSTS!!

Conclusion-VMI

- Pull the suppliers through the consolidation point, just as is done now, but also through the FTZ process!
- Have the weekly entry savings collected by all the Suppliers, take the appropriate cut.
- Savings are monitored weekly/monthly/annually

Conclusion-Cross Dock

- The only function under FTZ cross-dock, different than today's cross-dock, is that the entry is pushed to weekly, instead of 5-days out.
- The importer shifts the Broker into filing the E 214, instead of an Entry, and the FTZ collects the MPF for the Importer.
- Scale = 100 TEUs cross-docked per week = approx \$9,500 (gross) MPF saved WEEKLY
- This = a NET of approx \$350,000 per year.