



Glenn Lawson, Head of Customer Services at Core Freight Systems

Bettering our supply chain: Modern, efficient customs

“Much of the efficiency to be gained is dependent upon the IT systems applied”

This season will see “Phase 2” of the Customs Modernisation programme implemented. We chat to Glenn Lawson, Head of Customer Services at Core Freight Systems. Glenn’s active involvement in his company’s efforts in the SARS exercise provides a platform for discussion on this topical subject.

Q. What is “Customs Modernisation” and your role in it?

GL. The stated objective of the Modernisation exercise is to transform the SARS Customs organisation into a world class Customs agency. We understand that this implies significant change in the operations, as previously conducted, within SARS itself as well as the enabling legislative framework under which Customs conducts its mandate and should result in the optimum use of the resource available to the department. This is clearly advantageous to South Africa as a whole and warrants the support of all parties who share this interest. The implementation has been split into a number of phases in order to manage the workload for the organisations affected.

Core Freight Systems, along with our fellow so-called “Service Providers”, have participated in this exercise primarily with regard to the supplying of data for testing of the new Customs computer applications, and the associated business rules, which are being implemented by SARS as a part of the modernisation programme.

We have also, of course, accommodated the new requirements in the software provided by ourselves to the forwarding and clearing industry to ensure their ongoing compliance with Customs as required. For better or worse my colleagues at Core Freight nominated me to attend the various SARS workshops on behalf of the company, to ensure that even if we did not understand everything that was communicated we were at least aware of our ignorance!

Q. What are the benefits of Modernisation, and who are the beneficiaries?

GL. As implied by its name the exercise is essentially to modernise the systems employed by Customs – to allow them to cost-effectively deliver. Prima facie this makes SARS the primary beneficiary. Much of the efficiency to be gained is dependent upon the IT systems applied by the organisation and the benefits will therefore be derived as the applications are rolled-out by SARS.

Clearly defined customs policy, standardised procedures and application of the rules, faster turn-around times for customs compliant submissions and better audit trails of interactions with Customs are some of the implied specific benefits promised by the exercise and will certainly benefit trade. Notwithstanding I believe that the broader benefit lies within the intent expressed by SARS to address inefficiencies which might inhibit the free flow of legitimate South African trade. We do not see “modernisation” as an event but as an ongoing exercise to contribute to the realisation of efficiencies in the supply chain involving the passage of goods through our borders, and therefore is not limited to SARS although Executives from SARS are co-coordinating this exercise to address specific issues within their control. The challenge is for all the factions involved to express their agendas in a constructive manner in order to progress the project to produce the best possible outcome for the country.

Q. What specifically is included in “Phase 2”?

GL. The content and timing of the various phases initially mooted has been adjusted to accommodate the state of readiness of the different elements involved in the project. Currently scheduled for introduction at the start of May is the Automated Cargo Management (ACM) system, the new version of the Manifest Acquistal System (MAS). The requirement here is for those responsible for



“Like lipstick on a Bulldog, a cosmetic change will not be enough to change the inherent nature of your IT platform”

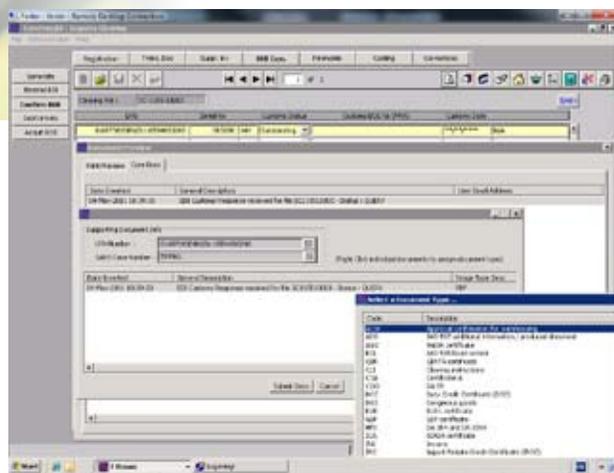
the physical handling of cargo, for example an Airline, to notify SARS of certain steps in the physical movement of the goods, as opposed to the Customs Declaration which addresses the nature and value of goods for Duty and VAT collection purposes, and which may be submitted by a Clearing Agent without physical control of the goods. The two streams of information therefore usually emanate from different parties and hence give SARS the ability to corroborate data from independent sources, and amend their risk assessment and examination requirement accordingly.

In early June, the “supporting docs” aspect of Modernisation is due. Basically this is a facility for providing additional information, when requested by Customs to validate a declaration, via a scanned electronic image of the documentation. The fundamental advantage this has over simply attaching the images to an e-mail directed to an officer at Customs is that SARS have a structured audit trail of the submission and ease of routing for its subsequent internal processing. The number of entries requiring supporting docs will be determined by the SARS risk assessment engine.

Q. What have you learnt from your participation in the Modernisation project?

GL. From a personal perspective we believe that there is a key observation to be made. This is that outdated Information Technology makes the support of modern business process increasingly more difficult and ineffective and, if not addressed sooner, at some point radical action will be required to address the problem. The lesson for us is that technology-based systems need continuous improvement on a fundamentally sound platform to remain relevant, to provide optimum effectiveness to their users and the companies that employ them. Like lipstick on a Bulldog, a cosmetic change will not be enough to change the inherent nature of your IT platform.

At risk of using another inappropriate analogy the problem with IT systems is that, like old soldiers, they never die, they just fade away – and when the next war is declared the resources are not strong enough to compete. It may well be better to take pre-emptive action before you find yourself in this situation. Responsible leadership in every organisation should evaluate the status of the systems they employ, to ensure that they are still optimum or make changes as appropriate. SARS deserve to be complimented on the action they have taken.



The CoreDocs facility: Documents can be issued directly to SARS to meet “Supporting Docs” requirements

Q. So, in conclusion, how do you keep the CoreFreight application relevant?

GL. One of our efforts has been to actively participate in the Customs Modernisation forums. For us this has meant more than simply listening to what others have to say, or even ensuring that we just understand what we need to do technically to comply with SARS, but attempting to identify anomalies in the implementation of business principles, raising them as appropriate, and considering what opportunities they present to enhance the CoreFreight application for our Users. “Supporting Docs” provide an example of this.

We currently have a facility for the storage of electronic document images, known as CoreDocs, within the CoreFreight application. Any document within CoreDocs can be forwarded direct to SARS to meet the call for “Supporting Docs”, and a record of the action is recorded as an integral part of the audit trail of the processing on each specific file, rather than an ad hoc external event.

More than that, and notwithstanding the importance of SARS compliance, we believe that the best IT solution for South African Forwarding and Clearing operators is not restricted to an EDI message and Customs release on a bill of entry, this is a sine qua non. We try and leverage modern IT design and implementation to deliver an application which contributes to the overall effectiveness of the total transaction process, from efficient data processing, management reporting and control, client-user support and importer/exporter integration. We have found that with a little imagination there is huge scope for continuous systems improvement, vital for ongoing success in the South African forwarding and clearing industry. ♦