AS THE WORLD SHRINKS YOU NEED A SINGLE GLOBAL DATABASE

We live in a shrinking world today where globalization is a big part of many company operations. If you do not have global visibilities to your transportation you want to read this newsletter and begin to prepare yourself.

Globalized transportation is not new, it just moves at a faster pace than ever before. You can trace its origins back to the Silk Road across Central Asia which connected China and Europe and brought willing buyers and willing sellers of products together in the middle ages.

This has given rise to American corporations that want to establish a footprint in markets around the world. Whether it's Ford, General Motors, Apple or Motorola they have recognized that their business will grow faster if they develop facilities or sourcing capabilities and sell in markets outside of North America.

For decades most American companies allowed their offshore business units to operate autonomously. However, as supply chain technology improved and the Internet became accepted around the world, the drive to gain global visibility has grown.

It has been twelve years since Data2Logistics moved into the global environment opening a full service processing office in Rotterdam, The Netherlands, through our wholly owned subsidiary Data2Logistics Europe B.V. Upon entering the global market Data2Logistics conducted thorough Market Research to determine how freight invoices were processed in various countries, what the marketplace needed to better control costs and the actions we needed to take to adapt existing processes.

We found that large multi-national companies generally had little involvement with the offshore business. Most often, transportation staff focused on the delivery of product and the payment of the invoice. Often carries would present weekly or monthly statements that would provide an origin city and a destination city, the number of moves between the lane pairs and the amount to be paid. Shipment details were rarely presented and in many cases there was very little effort made to audit bills. We are talking about offshore units of Fortune 500 companies. Unlike the US where freight bill audit and processing companies have existed for many decades, outside of North America they were in their infancy.

Fast forward twelve years and we find that processing bills in EMEAR, APAC and LATAM are the fastest growing segment of our markets today. Like their North American counterparts, they are looking to make more informed decisions based on business analytics. While we don't find that ANSI X12 EDI or EDFACT has grown to a level of usage typically found in the US we are able to process over 98% of these global shipments electronically by supplying carriers with alternate means of electronic presentation of their shipments details. We offer carriers the ability to present their shipment information in customized .csv files, and PDFs of invoices via e-mail.

To meet the needs of our international clients we have a seasoned staff that support our clients in nineteen languages and we provide clients with our Data2Inform^{SM} database reporting tool that can support over seventy languages. The tool also automatically formats data to local presentation for dates, amounts, weights and distance. We have created a Control Tower environment which meets the needs of the local business units while providing corporate supply chain managers with a top down global view of all modes of transportation.

One of the biggest differences that will be found in overseas invoice processing is taxes. In the US taxes are not applicable on freight invoices. However that is not the case in other countries. We are familiar with local taxes such as the Golden Tax Rule in Asia, Maut in Germany and VAT. VAT is the tax we see most often. It is a general consumption tax assessed on the value added to goods and services. It is a general tax that applies, in principle, to all commercial activities involving the production and distribution of goods and the provision of services.

We recognize that the process for recovering overcharges is different from the US where carriers can generally be paid short. Due to taxes on freight outside of North America, when we identify a billing error, we post the transaction to our Carrier Portal. At the same time we advise the carrier that they have an invoice that we believe was billed in error and requires their review. The carrier in turn will post a credit note reflecting a revised charge for freight as

well as VAT. Clients can expect to receive audit findings and recoveries similar to the audit findings that are recovered in the US.

*Don't be surprised in 2016. To learn more about how Data2Logistics can guide you through these **surprising** times please contact Harold B. Friedman, Sr. Vice President Global Corporate Development, at harold.friedman@data2logistics.com or +1 609 577 3756.*