

Global Trade Management Services

Real-time visibility as a key competitive advantage

August 2008

The Arviem logo consists of a blue square with a white vertical line on the left side, positioned above the word "arviem" in a white, lowercase, sans-serif font. The logo is set against a white background that is part of a larger graphic element on the right side of the page.

arviem

Real-time visibility becomes a key competitive advantage

New and Unique Global Trade Management Service

Market Drivers and Trends

International trade is rapidly expanding (>10% per year), with global demand for goods and the growing adoption of 'off-shore sourcing' by major corporations creating increasing demand for (maritime) container transport in unprecedented volumes.

Unprecedented Global Trade Volumes

Over 16 million maritime containers are in transit throughout the world on any given day – at sea, on rail, over the road, or awaiting stuffing, pick-up, delivery and stripping. The value of the cargo in these containers is estimated at 5 Trillion € per year and many 100's of thousands of the containers move cargo with a value in excess of 1 million €.

Moving these containers is a 900 Billion Euro business per year, accounting for an estimated 15% of the cost of goods sold.

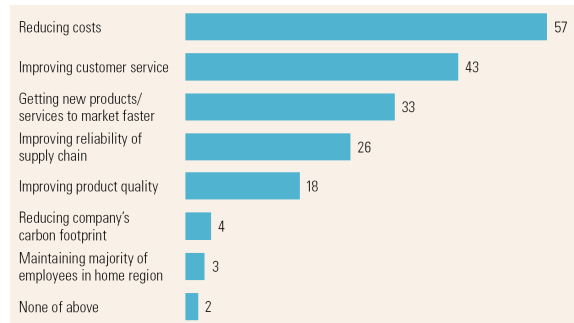
As importers' supply chains extend globally, their financial and operational risk grows exponentially. Every importer knows they prosper or expire on the efficient, accurate, secure and timely transit of these containers.

A McKinsey survey ("Managing global supply chains", July 2008) finds that supply chain risk is rising sharply. However, supply chain management isn't keeping pace: Most respondents say that their companies aren't meeting strategic goals for their supply chains, and relatively few have acted on the macro global trends with the potential to impact their supply chains.

Balanced Trade Chain

The macro global trends are threefold; Globalization, Sustainable Growth and Regulatory Compliance. These trends will drive the intention to identify and implement intelligent trade systems. Real-time global supply chain visibility is a key capability to address these macro challenges.

Off shore sourcing provides lower cost, higher agility and financial performance advantages; however these advantages have to be balanced against higher logistics costs, supply chain fulfillment performance and supplier management risks.



Source: McKinsey survey on global supply chains, July 2008

Many sourcing strategies underestimate the magnitude of the hidden costs of a longer global supply chain, including increased transaction cost and complexity, reduced flexibility, fulfillment errors, delivery delays and cargo loss, resulting in production disruptions, missed sales and higher costs of goods sold.

Global trade requires improved visibility. The ability to, in real time, identify the location and status of the sourced goods gives the importer the ability to fine tune its distribution channels, its inventory management and its ability to fulfill commitments to its end users.

New and Unique Global Trade Management Service

arviem is focused on solving the challenge of executing a visible and intelligent global trade by offering independent services that provide real-time end to end visibility for containers, pallets and packages, as well as monitoring the condition of the cargo.

Independent on Demand Service

arviem's services bundle reliable, proven and market ready components into unique and tested service packages, which clients buy, on demand and as required, for a specific period of time, at their self selected level of need.

Potential clients are unwilling to buy a container monitoring solution (e.g. devices, hardware and software) and prefer not to invest in a solution development effort, which would impact both their balance sheet and their revenue. However, clients are inclined to acquire the solution capability on a service basis. arviem is offering an independent trade monitoring service that includes sensing, analysis & reporting functionalities as a service, which is an important value proposition and unique in the market.

Unique and Tested Technology

The arviem solution for end-to-end real-time container monitoring is a device mounted on the containers, which communicates via a mobile phone network or satellite in real-time anytime, anywhere on the planet. A comprehensive, client customizable sensor suite monitors container conditions including door security, temperature, humidity, shock, movement, light, and more. Client selected sensors are available as an integral part of the device or in one or more wireless remote sensor units. Container geo location and sensor data enable the client to monitor the location and condition of their cargo.

Using the container sensor data (in combination with other data sources) enables analyzing and reporting capabilities, such as performance dashboards, ad hoc reporting, online analytical processing and statistical tools, enabling the client to make use of the additional visibility and empowering them to make smarter and faster business decisions by providing more detailed, accurate, and timely understanding of their selected performance metrics. The resulting outcome is to correct negative trends before they become costly problems.

Importers are the Primary Beneficiary

Importers (and exporters) will be the primary beneficiary of the arviem service.

A simple ROI justification flows from reduced insurance fees, reduced internal handling, management and monitoring costs. Additional benefits including reduced inventory safety stock savings, just-in-time production availability, less counterfeit products and reduced theft etc. are not calculated in this example.

Simple ROI Justification

The example assumes a 40 feet container shipping cigarettes with an average retail value of € 1.6 million. The cost for insuring this content is approx. 16'000 €.

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|-------------------------------------|-------|
| - Lower insurance premium/shipment | € 160 |
| - Reduced admin costs/shipment | € 80 |
| - Total benefit/ shipment | € 240 |
| - Price for arviem service/shipment | € 100 |
| - ROI per shipment | € 140 |

Vanquish Dependencies

A limited level of supply chain visibility is available today, as each involved party in fulfilling a trade already gathers and reports trade transaction data and therefore can provide basic information into trade status. However, these proprietary trade systems are not connected, and frequently involve paper based transaction trails and updates. The result is, that visibility is only available at certain local physical points - and - if at all, not in real-time. To address the macro trends - Globalization, Sustainable Growth and Regulatory Compliance - trade fulfillment performance has to be an end-to-end view and it has to be based on reliable real-time data.

arviem's services enable clients to get end to end, in-depth real-time visibility from an independent, trustworthy source, which enables them to address the macro challenges and their critical strategic supply-chain goals. including trade cost reduction, improved customer service and a faster 'go-to-market' capability.

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