



Mercury E-Portal Solutions Inc.

Customs Self Assessment Accounting Solutions
For Canadian Importers

*Have you included your CSA savings in your
2010 budget?*

Breakfast Seminar



Agenda

- About MEPS
 - Welcome and Introductions!
 - Fast Facts
- CSA Program Re-Cap
 - History and Overview
 - Program Updates
- Myths
 - Higher Risk Exposure
 - Takes Too Long
 - Costs Too Much
- Financial Example
- Case Study
- Next Steps and budgeting savings!
- Q&A and open discussion



Introductions

- Gordon Best, CCS

Director of Customs Services

- Gordon has been working in the Customs and Internal Trade industry for over 30 years. He has held senior positions at a number of brokerages and custom solution providers. Gord is responsible for all custom service and CSA applications at MEPS

- Andrew King

ERP Practice Lead

- Andy is with MEPS parent firm, WebSan, where he is responsible for the ERP practice. Andy has many years of experience with complex and large ERP implementations and integration. He has significant experience with SAP, MS Dynamics, Syteline and a number of other ERP systems

- Neal Santin

Director of I.T. Services

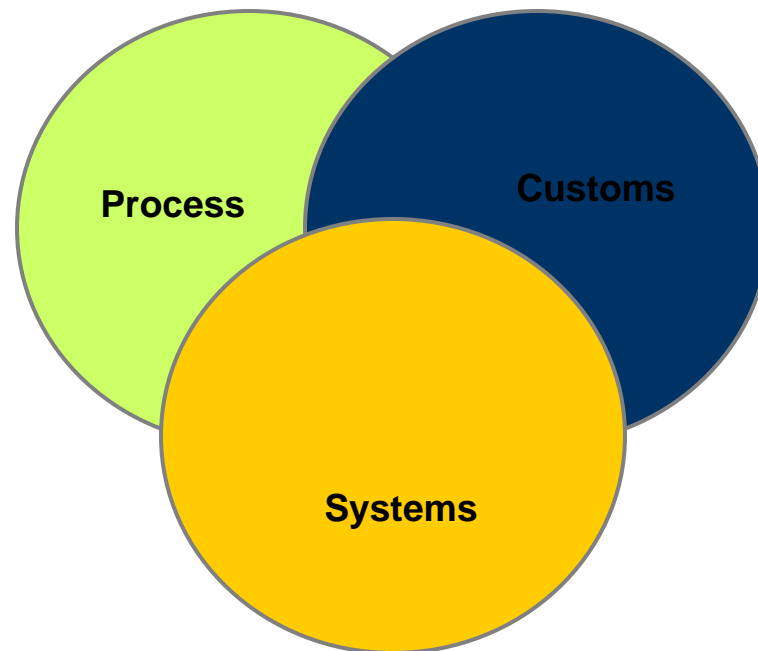
- Neal is responsible for all integration and technical aspects of the MEPS portal. He oversees a team of integration and development professionals and provides strategic direction for the continued development of the platform





**Our Core Business Is
Customs Self Assessment Solutions
For Canadian Importers like you!**

MEPS Integrated Approach



Our team brings expertise in all areas



What is CSA?

- CSA is Customs Self Assessment, where importers can report and file imports using their own books and records **AFTER** receipt and reconciliation
 - Upto 42 days after receipt
 - Significant reduction in adjustments
- It is a CBSA initiative to enhance the Agency's effectiveness in processing an increasing volume of goods crossing the border
- Provides streamlined accounting and payment processes for imported goods
- In many situations, CSA provides an expedited border clearance option and dedicated transportation lanes

History of CSA

- Launched in Dec 2001 at the request of the Automotive and Aerospace Industry sectors
- Release Mechanism to improve the flow of trade at the border for JIT Supply Chains
- Paper reduction initiative – Industry Canada
- Increased Compliance
- Decreased Costs
- Considered a success by CBSA as over 24% of volume of imports are under CSA
- Requires 100% electronic filing, good business processes and secure traders
 - **Before MEPS, many companies that applied could not overcome, or cost justify, the technology hurdles**

Key Elements of a CSA Import Entry

- **CSA Release applies to:**
 - Goods entering from the United States or Mexico that are not subject to OGDs
 - 3 bar codes for entry at land border
 - Considered a Known (Low) Risk

- **RMD Release applies to:**
 - Goods not qualifying for a CSA release

- **CSA Accounting applies to 100% of goods imported**
 - Regardless of Release Used, all imports are accounting under CSA
 - Automation of the accounting process produces cost savings when compared to a transactional accounting environment

MYTH #1

Myth:

- CSA is only for imports originating from the USA or Mexico

Fact:

- CSA **Release** is only applicable to goods from the US, however **ALL IMPORTS** are eligible for CSA Accounting including:
 - LVS
 - Good not eligible for CSA Release
 - Goods requiring OGD Permits
 - US/MX Shipments to 3PL Warehouses are now eligible for CSA release
 - Ocean CSA release option is a priority and actively being reviewed by CBSA (hopefully expected inclusion sometime in 2010)

MYTH #2

Myth:

- Going CSA exposes you to new regulatory risks which you are protected from when using an agent or broker

Fact:

- YOU are the importer of record, YOU are responsible even if you engage an agent or broker

MYTH #3

Myth:

- CSA requires an unrealistic 99% compliance accuracy!

Fact:

- This is not unrealistic, in fact it is **easily** achieved as you are reporting what you physically receive from your own records
- You know your product better than anyone else

MYTH #4

Myth:

- Implementing CSA takes years to achieve

Fact:

- The MEPS implementation methodology only takes 3-6 months from signup to go-live
- CSA requires multi-department understanding, but it does not necessarily require process changes throughout the organization. In fact most job functions remain unchanged
- Fundamentally, you just need to outline 3 components:
 - How do you do things today?
 - How will you do things under CSA
 - How will the system solution work

MYTH #5

Myth:

- CSA costs too much money!

Fact:

- FALSE! Under the CSA program with MEPS, our clients can easily achieve significant cost saving.
- CSA is a self funding, cost saving, compliance improvement program!

Let us show you how....



Case Study #1

- **Company Profile:**
 - An mid sized importer of uncontrolled consumer goods
 - 1200 TL/LTL/Parcel shipments from US/MX per year
 - 500 Ocean Shipments per year
- **Current Spend**
 - Hard Costs : \$38,000
 - Total Costs : \$63,000 (includes provision for penalties)
- **Post-CSA Spend**
 - First Year : \$36,000
 - Second Year : \$21,000
 - 1st year ROI in 10 months. This is a self funded project
- **Ongoing savings of almost \$20,000 per year, plus all of the benefits of:**
 - Improved transit times
 - Improved compliance
 - Integrated records
 - Environmental Benefits (paper reduction)

Case Study #2

Conventional Environment

- 6 facilities with shared services model for accounting, purchasing...
- All facilities needed to be PIP and C-TPAT certified due to customers' reqmts
- Many post-clearance adjustments for steel
- Document matching from AP to customs a challenge and Tariff classification errors from Broker
- 2 CBSA Multi-program audits identifying above issues
- **Import fees in excess of \$120,000**

CSA Environment

- Common databases for importing facilities to share customs/inventory and supplier data.
- Certified and Validated all importing facilities under PIP and C-TPAT
- Automated customs adjustments to parallel accounting entries
- Electronic matching and searching of all Customs and AP files by any Customs or business reference
- New part Tariff classification data base and compliant rating system
- Satisfied CBSA Multi-program report recommendations
- **Import fees lowered to below \$40,000**



Next Steps – How much will you save?

Develop business case and include savings in your 2010 budget!

- Submit your Part 1 application
 - *This is your “notice of intent” to CBSA*
 - *It starts the clock on the risking process and is key to a Q1 launch*

- Engage MEPS to work through your Part 2 application with you.
 - Our team will review your business processes and document them for CBSA
 - We have a standard process flow which integrates with your business

- Concurrent to the Part 2, work with MEPS on system integration
 - We have standard interfaces to all ERP, Accounting and WMS systems

- Other applications, such as Security Bond, CCS Security Number, and PIP need to be completed.

- Test and Go-Live





**Thank you for your time
Questions Welcome!**

Visit www.MEPS.ca for more information!