



Data Mining helps...

Financial Executives Measure Opportunity in Global Trade

By Matt Gersper

Nearly two summers ago, Global Data Mining, LLC hosted a series of focus groups designed to gain insight into the measurements and metrics desired by trade professionals and corporate executives regarding their global supply chain. Continued collaboration has resulted in more than sixty-five “best-practice” global trade reports providing the most comprehensive view of a global supply chain that exists in the market today. Eleven *Financial Opportunity Reports* focus specifically on identifying and measuring financial opportunities in the global supply chain.

How large is the opportunity for you? There are millions of dollars in working capital languishing in your international supply chain. So says industry analyst Beth Enslow of the AberdeenGroup in her CFO’s Agenda for Global Trade Benchmark Report. The report boldly states, “A \$1 billion company can free \$10 million to \$40 million in cash by better controlling its basic global trade processes.”

Data mining is helping financial executives gain a comprehensive overview of their global trade operations to make decisions, develop strategy, and assign specific projects.

Leading executives are using data mining to identify significant financial and operational opportunities that exist due to inefficiencies in supply chain processes. Financial opportunity reports are helping financial executives effectively manage the proliferation of Free Trade Agreements, improve sourcing options, and implement new supply chain finance programs for international suppliers.

Beth Enslow and I recently conducted an extensive data mining project for a global trade industry organization. The project included five Fortune 500 companies and identified more than \$500 million in potential savings in total. Here are just a few examples:

- One analysis measures how much a company has saved implementing Trade Agreements and Other Special Programs... the five companies combined had saved \$100,341,767.
- Another identifies and quantifies inconsistent application of Trade Agreements and Other Special Programs on import entries from the same manufacturer and the same product group... the five companies combined had \$17,111,817 in potential savings.
- A third review identifies and quantifies potential sourcing opportunities of high volume products being sourced by some suppliers without the benefit of Trade Agreements while other sources within the same company are benefitting from Trade Agreements and Other Special Programs... the five companies combined had \$150,558,912 in potential savings.

In total, with the data from our five participating companies we identified more than \$558 million in potential savings in specific areas such as Trade Agreement management, sourcing opportunities, foreign trade zone (FTZ) analysis, and supply chain finance strategies.

One trade professional reacted to his results by saying, “This is staggering information... it’s been a struggle to get this kind of information to our executives.”

Global trade remains one of the last frontiers where upgrading and optimizing business systems can create very significant financial and operational gains, giving corporations an additional strategy to create competitive advantage. Data mining is helping leading executives identify where to begin.

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