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Episode title: Technology and talent are needed to manage the new global trade arena

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Nadya Britton: This is Nadya Britton, enterprise content manager for tax and accounting with the Thomson Reuters Institute. And joining me today to discuss the recently released Global Trade report is Suzanne Offerman, senior product marketing manager at Thomson Reuters. Suzanne, welcome and please tell our audience a little more about yourself.

Suzanne Offerman: Thanks, Nadya. So, I am responsible for outbound product marketing for our global trade management business. That's part of ONESOURCE GTM I've been with the company for a little more than 11 years in different capacities all within global trade. And before joining Thomson Reuters, I practiced customs and international trade law in New York City for 10 years. So, thank you for having me.

Nadya Britton: Oh, great. So, I just want to jump right into this year's report, which is our inaugural report. So, we're super excited about that. The feel of the report, as you can imagine, was around disruption in turbulence just in the environment we're in, and, you know, how to optimize efficiencies. So, if you'd spend a few minutes, is there anything that stood out to you from the report?

Suzanne Offerman: Yeah, there are a few points I think that that really caught my attention. I guess, for one is if you look at the big issues that are still affecting companies around the world that import and export, the top of ones were new agencies being created, which of course causes headaches because there are new regulations and reporting requirements that come with that and new technologies that are needed. Second was the trade wars that have been going on for quite a while now and they don't seem to be going away anytime soon. So, we're talking about all the retaliatory taxes and or tariffs rather, that companies pay when they import to the United States and elsewhere. And then third are the sanctions. So, sanctions are a big issue because they could affect where you're importing and exporting to making sure that your goods get to the right place, make sure you have the right licenses and so forth. So those were the top ones that go there. What was interesting though, is that if you dig a little bit deeper, you'll see that the retaliatory taxes and fees and duties really affected US and European companies more than some of the others. And if you go deeper, if you're doing business in Asia, which most companies are, the other issues were supply chain risk and disruption. Those were the biggest risks when you're doing there, I believe it was something in the, you know, 80% range, so I think some of those things that I think jumped out at me the most where it was interesting to see like really what are still the biggest headaches for our customers.

Nadya Britton: Exactly, yeah, I mean, you talk about the confluence of things, right? Let's talk about how do departments even attempt, right, to address some or most or all of these?

Suzanne Offerman: Yeah, I think it's a two bit approach, right? So, what we saw was that companies are having difficulty retaining or getting the right talent, so it was hard to find the right talent. The skills that were required have evolved a lot since, since like when I first started in the industry. Now, they really are expecting people not only to have trade compliance knowledge, but they want them to have legal knowledge they want them to have, you know, negotiation skills, business skills, strategy skills. It's really

a very, very wide range of information that they want that person to know in a way that just didn't happen years ago. And then the second was the, you know, so, you just need more business skills in general and then of course if you look at technology, if you looked at some of the readiness what was interested in one of the things that the companies agree is that 81% said that they need technology to solve a lot of the issues that they're facing. So, it's not only talent, it's talent plus technology that gets you to the finish line. Yet nearly half of those same companies that we interviewed and that did the survey had that said that they didn't have the technology that they needed, so they either were behind the curve or just beginning that technology journey. The problem there is that that presents risk, right? So, there's that presents risk in one, losing the talent that you have, because if you have the right people, they're going to want to have the right tools in order to do their jobs to the best of their abilities, right? But the also is that you also don't want to get behind your competitors. You want to stay ahead, so you need to be more if you want to stay more competitive throughout this then it it's important that you're investing in both.

Nadya Britton: Right and yeah, I think he mentioned this, right? The risk also of you know not being in compliance, right? but that absolutely is part of the ultimate.

Suzanne Offerman: Always. I'm sorry, yeah, no. I mean, there's no doubt that staying compliant. It's almost table stakes, I feel, right? It's like the number one thing that that people do, and so it's not surprising that I think it was 89% of the people said that you know, knowing compliance, knowledge plus the others was still the most important skill that somebody needed.

Nadya Britton: Right. And if we can stay on talent for a little bit because, you know, the list you just described was a little bit mind blowing and it's like, well, you want that in one person? Across the board, obviously talent is a challenge, but you know are some of the things or how where do they find these people I guess. Maybe I should start by asking that.

Suzanne Offerman: Yeah, well yeah finding it. I mean like, you know, I guess it's, you know, they're looking at, they're looking at schools and others, you know, institutions. They look at other companies. They'll look at the government to see who has these? What I found fascinating in the report was the definition of like I loved the definition of what a global trade manager was now. So, the I will now quote it because it was so good. It says, "today's global trade managers must have the technical know-how of an engineer, the legal sense of an attorney, the carefulness of an accountant, the organizational skills of a project manager, the business acumen of an executive, the cultural awareness of a diplomat, and the communication skills of a leader." That says a lot, and that's one that's supposed to be one person that has these skills, or a team of course, but not very big teams, yes.

Nadya Britton: Right? That that's incredible. And so, in speaking about schools, as much as you know, is global trade, like a degree program or I guess I'm trying to understand what are the, what are the degrees that could fill that position?

Suzanne Offerman: Sure, so there are some schools out there that will have a global trade program within undergraduate work. There are certainly graduate programs that will have the work within global trade or international trade or international commerce, or those types of things. I do think that you're seeing more people, certainly, when I went to law school, my focus was on international trade within law school classes. So, that exists as well. And so, I do think that they are, whereas years ago they would, you know, maybe take somebody entry level, have them in a supply chain role working at a warehouse

and then that could have been the person responsible. I can remember early in my career going and when we would do pre-audit reviews and there would be one person sitting in office with the file cabinet and just papers, right? And like that was their filing system and that was their whole department. And then of course it's come a long way. Now we have people who and that person got trained and they still do training. There are also online classes that you can take, so there's a lot of e-learning classes. In fact, Thomson Reuters has some of those learning classes for global trade and then of course, people study for the customs broker exam as well, and that's another way of to get a wealth of knowledge about the industry. And some companies will hire them in-house as well to serve in these departments.

Nadya Britton: OK, alright, that's great. So, there are definitely pathways. It's just how you build the perfect, or the ideal right global trade manager. I'm going to shift in the time we have remaining to the technology piece because you know you said a couple of significant things. A.) Business is understanding the need for technology, but how many of them don't quite feel like they have the tech. So, if you can talk a little bit more about that?

Suzanne Offerman: Sure, sure, so I, you know, I'm seeing a couple of things. The first is what I do find so interesting is so, you know, we've gone through a period where there was a lot of disruption to the supply chain into international trade in general, and I think that companies realized that they could not necessarily rely on getting their goods from sourcing from one country. And so what we've seen, for example in the AEM region is that they might do like a China plus one where they know they're doing a lot of stuff in China, but then they will move some production to another country in the area, you know, Vietnam, Korea, Japan, you know, just name some Thailand I think that, you know, some that have benefited if you will. What we're seeing is, however, is that it's not only difficult to get the talent there because the companies are all competing for the same people, but what we've seen is that that region is moved from it from typically buying like point solutions where they might buy a solution to solve one problem to looking at it more holistically and really recognizing that they need technology that will cover their entire supply chain, not just a specific problem. And that's a place where we're seeing the APAC region catch up, I think with North America and with Europe in particular. And so, what we're seeing, of course, is that with all of this disruption, and the problem is that there's, if you find opportunity, you find ways to reduce the goods of console. Maybe it's by implementing an FTA, for example, a free trade agreement, you'll need technology to one, do the analysis of which free trade agreement is the one you should use, give you the best benefit and two, to manage it long term with all the intricacies that go along with implementing an FDA, for example. Another might be technology to save money from using a foreign trade zone or another special program. All of those require software to do it, but what it does is it allows a trade department to be more proactive and strategic thinking rather than reactive, and it sort of allows the compliance piece to run in the background. So, I think that's sort of one overall, arching theme that I've seen from the report when it comes to technology investment in the area. I do think overall the second piece that I wanted to mention was I do think that the importance of technology in the trade space will increase. And not only to automate tasks, but just to make you more efficient, more competitive by using the various regimes that are out there, as I just described, but it also helps attract talent because then you're providing the best tools and insights for the people using the tools, but also it helps you maintain peace with all the customs requirements because governments are heavily investing on their own global trade systems, so that they could be more effective in the audit process collect their duty tax, assess risk in a way. You know, we're seeing this, for example, around the forced labor issue

with the weaker forced Labor Act Prevention Act, rather, where customs where CBP is investing more in technology to eradicate that from supply chains and, you know, if you're behind the curve of the customs pace, for example, your trade professional, the life, your life in a cross-border transaction will be much more difficult. You'll be less efficient, and you know just won't be able to maneuver properly. And I think that you know, I think it was 81% of the survey respondents agreed that the solution to deal with this rapidly changing customs environment is to adopt global trade technology. And so that's why we need to, we need some help that half that's still in the early stage of adoption or behind the curve we need, we need to get them over that hump because it's a major concern because it should be evaluated. It's a risk for these companies because it impacts their scalability, their growth, and their compliance.

Nadya Britton: Right? It's not even an option. It sounds like it's not an option anymore of a nice to have or a maybe, but just an absolute to remain viable across the board.

Suzanne Offerman: I think that's right. I mean, I think. Historically, procurement of software was many times a tradeoff, right? So, either you were going to have people labor, right? Or you might outsource or you're going to buy technology, right? It was an either-or. But it seems that now investing in the technology infrastructure to is far more important. It can't, it just cannot be ignored the way it was. I think that that's actually one of the things that the pandemic really brought to light, the stark reality that there's no tradeoff between having the right people and having the right technology. People feeling the trade compliance rules are never going to get less busy, right? They're just I go to these conferences. I talk to them, our customers. They're just they're always going to be this as busy as they are. But as the business grow and evolve all while this regulatory space continues to change, you have to enable your people with the technology to stay compliant. It's simply not possible to stay current, relying on just people like a person trying to keep up on their own and, and so I'd also, you know, comment that the nature of trade technology preferences is it seems to be changing as I mentioned before, people are not necessarily looking anymore just for a point solution to address a specific change, like I need to screen so I'm just going to buy screening or. I need an FTC so I'm only going to do FTC. They really are looking at it more holistically from the point that you're sourcing, you know, all the way through your transactions. You're setting up your database, your classifications, your screening through the process of your imports and exports and managing those in your free trade agreements and some of your special programs all the way through, like your post entry and your auditing pieces, your vendor assessments. So they really are looking at the full chain now in a way that they didn't before.

Nadya Britton: And that makes a lot of sense, right? The holistic approach obviously is the best. Thank you for that. As we close out, are there any final thoughts you would like to leave our listener with? Whether it's you know the combination of tech and talent or just in general around, you know, global trade as it stands today.

Suzanne Offerman: Sure, I think come, you know, we're in a challenging economic scenario right now. It's challenging times. We have inflation. We still have disruption. Things are costing more. It's been hard to find the right people, and I think when you have this economic scenario that we're going through, we have geopolitical tensions, supply chain has been redesigned a bit from because of it, and because of the pandemic we have a dynamic regulatory environment which does not seem to change. I think it's going to set the stage to position global trade leaders. And like trade organizations as a strategic differentiation for corporations, I think that they will get a seat at the table in the within the C-Suite, in a

way that we haven't seen before. However, what companies need to know is to meet this expectation, they'll need to acquire and develop their talent, and with the broad skills required, because by this new role as we discussed, you know, a little bit earlier all the things that a person needs to do. And also, you know to be able to respond quickly, bring in smart insights, comply with all the new digital customs that goes out, and implement proper strategies to support the growth. Better profitability, technology integrated systems will be key, and as you said it's a must have now no longer you know a maybe have and I think the key is, you know. Start your journey as early as possible. To do this, I maintain the pace of the evolution because I truly believe that it's both technology and talent together that will help you know get us through or get a company through some of the more difficult times.

Nadya Britton: Great Suzanne, thank you so much for these insights. Really appreciate it. Thank you. For your time.

Suzanne Offerman: Thank you so much, Nadya.

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