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The impact of Industry 4.0 on supply chain compliance

SWITZERLAND GLOBAL ENTERPRISE
GLOBAL, ALL INDUSTRIES, AMBER ROAD
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Only those who are familiar with the challenges and pit-falls and invest in cost-efficient solutions in good time will succeed in the new industrial era. S-GE spoke to Thomas Kofler from Amber Road Switzerland AG.

The impact of Industry 4.0 on supply chain compliance: New opportunities and challenges for SME.

How is Industry 4.0 changing global supply chains?

Automated machines, appliances, and work processes are increasingly being interconnected in order to electronically manage and optimise entire value chains from cradle to grave. In future, it will increasingly be only expertise and blueprints that are imported or exported, rather than physical goods. The templates can then be used flexibly in the seller's market to produce the desired quantities in the required variants just in time and cost-effectively or, for example, to print them with a 3-D printer. Virtual reality has not yet taken off in the area of production control. But status monitoring for after-sales service and the maintenance of machines and other appliances are taking place more and more often via remote monitoring and remote control.

These changes affect trade and logistics management, but also risk and quality management in supply chains, as well as customs duties and VAT. Many SMEs are not yet sufficiently aware of the impacts.

What are the challenges for compliance?

Information transfer and electronic access to technical documentation are subject to import and export regulations, just like purchases and sales of goods. This means that checking sanction lists is vital in every case.

There are, however, no HS codes for data on data carriers. Companies have to build up their own classification system. They have to define the data owner's responsibility (when sending/uploading) and the recipient's responsibility (when receiving/downloading). They also need to establish how proof of export will be provided (e-mail export declaration) and how data access/downloads will be recorded.

If companies export data for dual-use goods or data that requires authorization for 3-D printers or remote monitoring, they should definitely clarify the situation with the relevant customs authorities. It is as much a learning process for the Swiss Customs Administration (EZV) as it is for many SMEs.

Special care needs to be taken with goods that originate in the USA, goods with a minimum US component, and US technology and software. These are covered globally by the US Export Administration Regulations (EAR). They also apply to companies from all sectors of industry not domiciled in the USA but that deal directly or indirectly with US products or technology.

How do you support Swiss companies?

We offer a customer-based, intensive consultancy service. Among other things, we carry out an analysis of the customer's existing processes. Where and how do they capture, forward or use data (including access from different countries)? Is US technology or software involved? How quickly can the data be made available to customers or the authorities? How is data security assured? How are digital data transfers evaluated and archived? Is it possible to audit all digital processes?

We then offer our customers project-related suggestions. Without innovative IT solutions, SMEs will not get a grip on data streams in the fourth industrial revolution. This is the only way to ensure global compliance.

How willing are businesses to invest?

In my view, most SMEs are rather slow in implementing process automation, and this applies to the area of compliance too. Projects need a quick ROI, increase profits, reduce manpower, and lower costs in order to sell. They are often not implemented in one go, but in several phases. Quick wins are vital to boost participation in Industry 4.0.

What opportunities do you see for Swiss SMEs in the fourth industrial revolution?

Industry 4.0 offers great opportunities for innovative SMEs, and especially for businesses with special niche products. Remote services are supplementing local presence, and partnerships are replacing investments. For SMEs, this reduces the financial risk associated with foreign investments.

Event announcement:
5th Amber Road Switzerland AG seminar on export controls and trade compliance on June 16, in Zurich (in German language)

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