

Automated Cargo Screening: Best Safeguard for Carrier Compliance and Security

Global logistics service providers are challenged with cargo compliance and security concerns. A multifaceted approach, including due diligence screening for end-use concerns, embargoed or sanctioned goods, restricted parties and high-risk destinations, is essential to lower potential regulatory violations, reduce global corruption and safeguard carrier equipment and crews. E2open[®] incorporates cargo screening capabilities in the shipment booking process to improve screenings and reduce potential risk for carriers.

Danger of Shipping Illicit Items

It is not uncommon for denied or restricted parties to use shipping companies to move illicit items, harmful chemicals or even bombs around the world. In numerous instances across the globe, packages transported by common carriers have caused harm or death because service providers failed to screen shipments appropriately. In addition to the damages to life and property, such incidents can also reflect negatively on the logistics service providers involved.

Shipment Screening and Security: Critical for all Carriers

Following the terrorist attacks on the U.S. World Trade Center and Pentagon, air travel changed dramatically, requiring considerable restrictions on passengers, carry-ons and luggage. However, cargo conveyed on these

same planes — as well as ships, trucks and rail cars — is subject to the same concerns but usually escapes proper screening. Logistics providers lack both the bandwidth and the technology to thoroughly screen all their contracted shippers and the packages they carry.

Heightened security is especially crucial, not only due to escalating risk levels but as an important measure of protection for a company's assets, equipment and employees. Also, carriers need to be diligent because of the increase in the number of regulations holding service providers liable for products they carry, the parties shipping them and how recipients might use them. That is a daunting task.

Key Features

- Automates cargo documentation screening to determine the risk of violating international trade rules
- Conducts vigilant screenings against hundreds of blacklists maintained by government agencies around the world
- Determines whether to block an entity under sanction and embargo lists
- Cross-references documents against e2open's robust global trade content database
- Determines any potential country sanctions and embargoes for destination countries
- Utilizes a configurable risk profile determination
- Leverages API-driven screening for a word or phrase

Key Benefits

- Reduces time-intensive and costly manual processes for cargo screening
- Ensures compliance and reduces the risk of fines and penalties
- Provides high accuracy with a minimum of false positives
- Speeds processing by enabling users to define match words and create a pre-cleared list
- Provides broad protection from potential risk exposure
- Ensures consistency through scalable cloud-based technology
- Protects company assets and personnel
- Demonstrates due diligence against global corruption

Consequences of Getting it Wrong

Carriers must be able to prove that they took every reasonable precaution not to transact with restricted persons, move goods to or from specific regions, or move certain goods – such as dual-use goods – without a license. Gaps anywhere in the screening process can have serious consequences for carriers:

- Significant fines
- Loss of import and export privileges
- Brand damage and share devaluation
- Personal criminal liability
- Diminished safety and security

Failure of Manual Screening to Include Daily Regulatory Changes

Documentation shippers present at the time of shipment requires a closer look to determine the potential risk level. To make matters more complicated, the terminology used in government regulations may not match the nomenclature used on standard shipping documents — even when they refer to the same goods. Furthermore, shippers may use aliases and government guidelines can change daily.

Optimized Risk Management Through Automation

Logistics providers, including air cargo companies, need to take a more thorough approach by implementing tight, accurate screening procedures based on a risk-based strategy. Instead of merely hoping to detect illegal and dangerous shipments by identifying unusual characteristics of a packer or shipper and remembering regulatory terminology, many carriers gain tighter security with an automated solution.

Carrier Cargo Screening From e2open

E2open provides automated carrier cargo screening capabilities using advanced computational linguistics algorithms to screen shipping documents such as manifests and air waybills using natural language processing and other strategic techniques. This automated process helps carriers determine if a transaction bears undue risk.



The tool extracts critical information such as consignee, recipient, destination and product description and analyzes these details based on a “best-match” principle. Carriers can customize the information as needed to include other specific criteria. The system’s algorithm uses this analysis to generate a risk score based on millions of data points. If the score reaches a predetermined threshold, the system alerts carrier personnel to closely investigate the shipment before loading it onto an aircraft, vessel, truck or rail car. Carriers can address risk-related concerns using the e2open platform or an application programming interface (API) to return a comprehensive set of screening results.

Relevant Trade Content Libraries

Information on shipping documents like manifests and waybills can be difficult to correlate with complex regulatory language due to a lack of descriptive detail. E2open’s trade content team develops and maintains libraries that translate regulatory and technical phraseology into the everyday language and commercial terms that typically appear on shipping documents. This makes processing more straightforward when automated systems screen fields on the documents accompanying each shipment.

Three Primary Screening Areas

E2open’s robust tool covers three primary areas when screening shipments:

- **Dual-use or restricted goods:** Cross-referencing information against the world’s most comprehensive global trade content database, the system looks for data such as export control numbers (ECNs), product synonyms, corporate trademarks, classification lists and global anti-proliferation documents such as the Wassenaar Arrangement and Australia Group lists. Equally important, carriers can identify and block shipments of endangered and threatened species, illegal hunting trophies containing any animal parts, shark fins and live animals intended for use in scientific research.
- **Restricted parties:** The tool conducts vigilant screenings against hundreds of blacklists maintained by government agencies worldwide to determine whether to block a sanctioned or embargoed entity.
- **Destination controls:** Users receive insight into sanctions and embargoes for destination countries.



Aggregate Cargo Risk Assessment Matrix

E2open's cargo screening capabilities also include a configurable risk assessment matrix that logistics providers can implement for added security if needed. The matrix provides comprehensive transaction screening, delivering a transaction risk score and visibility into the three primary screening areas. Additional screening capabilities help companies gauge transaction risks related to the cargo destination's proximity to various conflict zones.

The risk assessment takes into account specific aspects of a shipment's documentation and screens it against a database of regulatory restrictions. The logistics provider has the option to include one, several or all of these screenings in the matrix:

- **Dual-use screening:** Evaluation that determines if products that are normally for civilian use may also have military purposes
- **Transaction party screening:** Restricted party screening to evaluate the shipper and buyer of the goods
- **Destination controls:** Insight into sanctions and embargoes for destination countries
- **Proximity search:** Score for the destination based on how close it is to conflict zones

Users can configure the weight of each component to establish a customized risk profile based on factors like high-risk products or locations. The four assessment options are available in a standalone representational state transfer (REST)-like API. Alternatively, organizations can incorporate them into e2open's transportation management, import and export workflows.

Carriers can now keep going full steam ahead by using automation to ensure cargo screening compliance, save time, reduce risks and demonstrate due diligence and reasonable care.



Automated Screening for Revolutionized Cargo Security

Through automated cargo screening, carriers can now successfully meet KYC program regulations while freeing themselves from the tangled web of risk that has historically entrapped them. No longer do providers have to struggle with the challenges of identifying shipments that may contain prohibited or dual-use goods based on the typical information provided on a transportation manifest or air waybill.

Companies engaged in global trade logistics must examine a high volume of shipments from multiple entities. These organizations can benefit dramatically from the automated cargo screening capabilities in e2open's platform by aggregating shipments and accurately screening each one using an efficient workflow process.

End-to-End Supply Chain Management Platform

Once an organization implements any e2open platform application, it is easy to add more capabilities in the future for better visibility, coordination and control over the end-to-end supply chain. The e2open platform creates a digital representation of the internal — and optionally external — network, connects internal enterprise resource planning (ERP) and financial systems using an SAP certified adapter for timely data feeds, and normalizes and cleanses the data to make it decision-grade. Using machine learning-enabled algorithms and supply chain management applications, the platform processes the data and provides bi-directional, closed-loop communications back to ERP systems for execution. This facilitates the evolution of supply chain processes towards true convergence of end-to-end planning and execution.

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