



UNDERSTANDING GTS



WHAT TRADE COMPLIANCE NEEDS TO KNOW ABOUT SPL

EntryPoint Global Trade Practice

- Most GTS projects of any SAP Partner in the US. **32** GTS projects and counting.
- Practice includes customs brokers, certified trade compliance officers, former forwarding agents, trade compliance managers and logistics specialists.
- Offer auditing, product test drives, hosted GTS solution and trade automation managed services.
- Best practice deployments of:
 - Aerospace & Defense ITAR solutions / US & EU Encryption solutions
 - Visitor screening via portal / Non-SAP feeder systems
- Part of ***Trademation***, a partnership with primary trade content vendors *MK Data* and *Customs Info*. Collaborating in solution development and prototyping, delivering joint webinars and presentations, and in working as one to support our clients.



What's to Understand about SPL

- A. Why you can't know where, when you know who.
- B. How TREX finds leaf-eating denied parties?
- C. Getting directions on comparing comparison direction.
- D. Why excluding the wrong words will exclude the right matches.
- E. How being too positive can be negative.

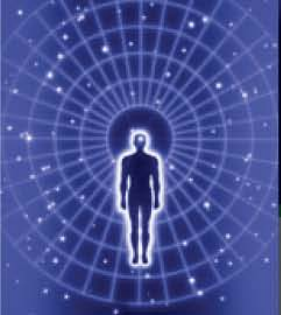
(A) Does GTS screen on Address?

- GTS SPL Screening allows you to:
 - Select 1 to 5 fields to compare (name, street, city, rgn, cty)
 - Indicate whether each field will trigger a hit on its own (OR), or in combination with other fields (AND).
- SPL does not allow name and address to be compared independently from each other.
 - For example: Name match = NO, Address match = YES
- SPL does not factor in the quality of each field's match in determining the overall match. Each field is either a match or not a match.
 - For example, Name match = 70%, Street match = 15%, overall decision = NO HIT.

(A) Why do you care?

- Because GTS mixes together name and address matching, you are forced to make decisions on which fields to include and understand the implications of your decision.
- How you combine fields can create issues in producing unreasonable misses or in unreasonable hits.
 - The more AND fields, the more unreasonable misses.
 - The more OR fields, the more unreasonable hits.
 - Combing AND with OR fields produces both (and can create confusion on your compliance philosophy).
- If you really want to screen name and address separately, you can conduct two distinct SPL screening process.

(A) Your possible choices



#	Name	Street	City	Rgn	Ctry	Logic
1	AND	AND	AND		AND	Name AND Street AND City AND Country
2	AND	OR	OR		AND	Name AND (Street OR City) AND Country
3	OR	OR	AND		AND	(Name OR Street) AND City AND Country
4	OR	OR	OR		AND	(Name OR Street OR City) AND Country
5	AND				AND	Name AND Country
6	OR	OR			AND	(Name OR Street) AND Country

SPL: Illegal Weapon Proliferators Inc. at 1234 Main Street in Birmingham, AL, US

#	BP HITS	BP MISSES
1	Illegal Weapon Proliferators Inc. 1234 Main Street, Birmingham, AL, US	Illegal Weapon Proliferators Inc. 4567 Main Street , Birmingham, AL, US
2	Illegal Weapon Proliferators Inc. 12 Thomas Street , Birmingham, AL, US	Illegal Weapon Proliferators Inc. 12 Thomas Street , Tuscaloosa, AL, US
3	Mother Theresa 1234 Main Street, Birmingham, AL, US	Illegal Weapon Proliferators Inc. 1234 Main Street, Tuscaloosa , AL, US
4	Mother Theresa 12 Thomas Street , Birmingham, AL, US	Illegal Weapon Proliferators Inc. 25 Garden Road , Islamabad, PK
5	Illegal Weapon Proliferators Inc. 12 Thomas Street , Brooklyn, NY, US	Mother Theresa 1234 Main Street, Birmingham, AL, US
6	Mother Theresa 1234 Main Street, Brooklyn , NY, US	Illegal Weapon Proliferators Inc. 25 Garden Road , Islamabad, PK

(A) Living with your choice

- Do you trust the lists?
 - Do you trust that AKA entries will catch name changes?
 - Do you ever want to review an exact name match with a different address (any element of address)?
- Do you believe in the results?
 - Can you explain how it works to an auditor?
 - Will you make excuses for the system or pass responsibility to IT?
- Do you believe the effort is reasonable?
 - Are too many of the blocks unreasonable (silly)?
 - Is there a risk of desensitization in reviewing false positives?
 - Do your daily operations align with your compliance objectives?

(B) Do you need TREX?

TREX is a free SAP search utility that improves the quality of SPL matching in GTS 7.2 & 8.0.

Most significant improvement of SPL....ever.

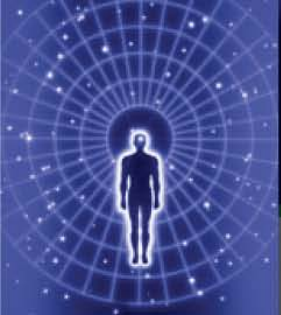
- Eliminates the “word within word” constraint.
 - In order for two words to match, one must be found within the other (default denied party found within partner)
 - Iranianⁿ and Iraniam^m will never match
 - Even though it’s a 96% word match, Forsvarsindustriorganisatione^x will not match the SPL Forsvarsindustriorganisationeⁿ (true SPL entry)

(B) Yes, you need TRES

- TRES allows for a specific level of misspelling
 - Missing letter (SORD vs. SWORD)
 - Inverted letters (Society vs. Soccity)
 - Additional letters (Laboratories vs. Laboratory)
- Can increase your hit rate, but you can...
 - Increase word match %
 - Increase phrase match %
- Increase quality w/o increasing hit rate
- With the introduction of TRES, SPL screening can achieve quality that is best in class (and care that is beyond “reasonable”).



(B) Making TREN do what you want



6	5	4	3
1	1	0	0
1	1	1	0
1	1	1	1
2	1	1	1
2	2	1	1
2	2	1	1
2	2	2	1
3	2	2	1
3	3	2	2

Word Length

A 10-letter word with 8 matching letters will be a match at what word match percentage?

80%

Mismatched letters

6	5	4	3
83%	80%	100%	0%
83%	80%	75%	0%
83%	80%	75%	33%
67%	80%	75%	33%
67%	60%	75%	33%

Word Match %	75%
TREN Match Rate =	7,500



(C) Comparison Direction

Is the minimum word or phrase match percentage calculated against the denied party or business partner?

- By default, these are both against the denied party.
 - Words and phrases are both (typically) shorter
 - Matches are more likely and of lower quality.
- Change to business partner direction for word (after GTS 7.1)
- Consider change to business partner direction for phrase (after GTS 7.2).

(D) Excluded Words

Only exclude words which have no descriptive value.

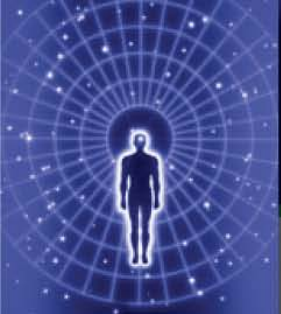
- Adding descriptive words will both increase compliance gaps & workload.
 - Will cause misses of probable denied parties
 - Will cause hits of obviously good business partners
- Can eliminate blocks against common, but descriptive words in two ways:
 - Adjusting your SPL design
 - Updating your SPL entries

(E) Positive List

Should only use for US/NATO government entities, a company's own global locations or internal partners.

- Overuse of positive list will both increase compliance gaps & workload.
 - Will require frequent manual screening of positive list
 - Will be difficult to enforce consistent policy on when used.
- Can eliminate repeated blocks against single business partner in two ways:
 - Ensuring your nightly “delta screening” only looks at most recent updates.
 - Set GTS to not re-block a released partner

Questions?



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