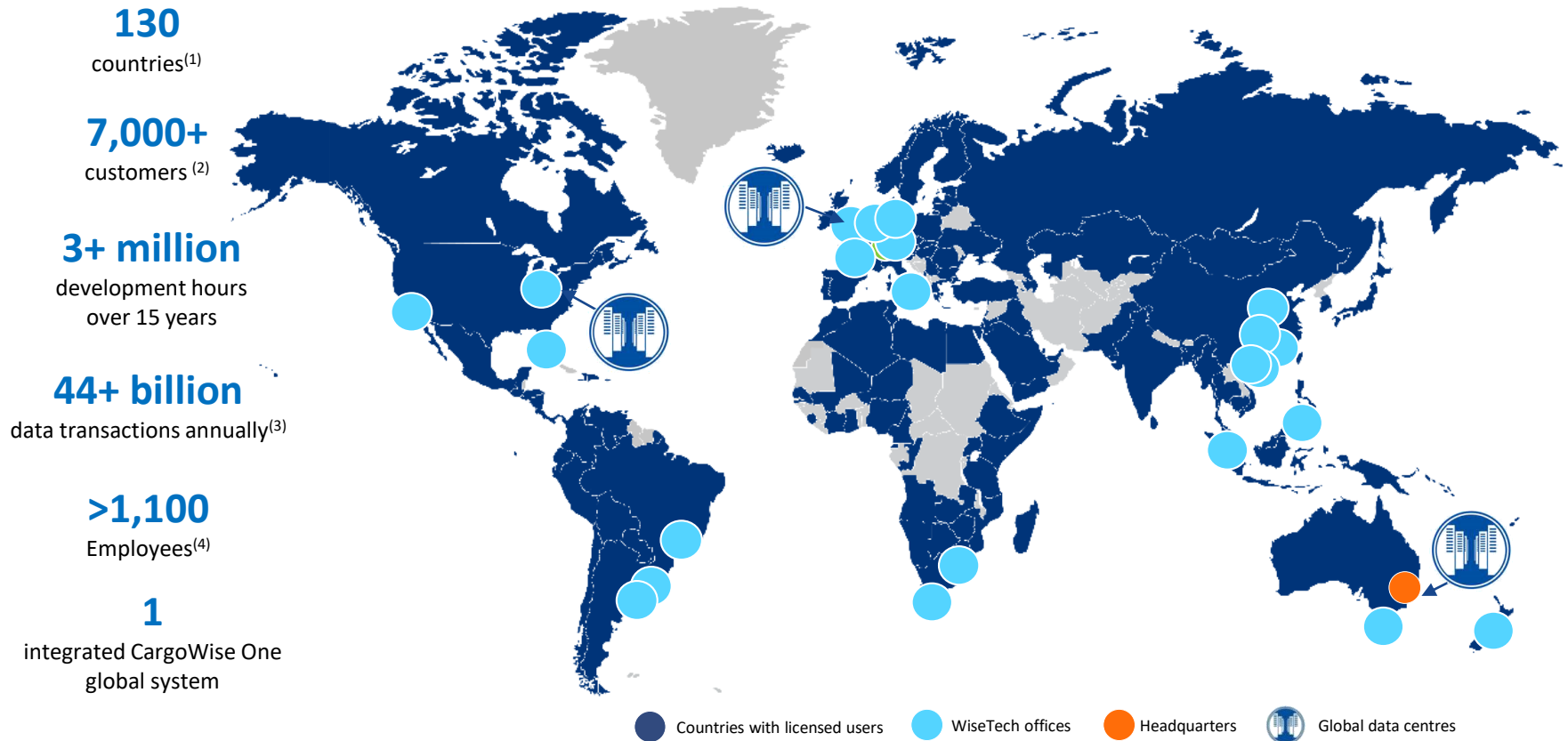# The future of

Customs Compliance Technologies

and

A Vision of Single Window for Trade

WiseTech Global
Founder & CEO, Richard White

A leading provider of software to the logistics industry globally

130
countries[1]

7,000+
customers [2]

3+ million
development hours
over 15 years

44+ billion
data transactions annually[3]

>1,100
Employees[4]

1
integrated CargoWise One
global system

Countries with licensed users ● WiseTech offices ● Headquarters ▣ Global data centres

(1)   Countries in which WiseTech software is licensed for use.
(2)   Includes customers on the CargoWise One application suite and legacy platforms of acquired businesses; legacy customers may be counted with reference to installed sites.
(3)   Data transactions for FY17, transactions measured at 30 June annually.
(4)   Includes acquisitions announced to 23 April 2018

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GLOBAL

Global logistics industry and the competitive environment
What's ahead in 2018 and beyond

ADVANCING TECHNOLOGY

Integration

Mobility

Increasing Automation

Machine Learning

Low skill labour targeted for replacement

Offshoring first to go

COMMERCIAL IMPERATIVES

Massive e-Commerce volume growth

Demand for faster Delivery

Priced pressure

Capital constraints

Low growth in Bulk Freight markets

LOGISTICS BLURING

Blurring of 1PL/2PL/3PL

Deep systems capability and integration driving value

Legacy logistics platforms struggling under high volume low value workloads

REGULATORY PRESSURE

Increasing regulation & complexity

Small parcel volumes creating new and complex border challenges

Onerous penalties

Constant ongoing change (Single window, Trusted Trader, Tariffs/FTAs, Trade Wars, Political volatility)

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Industry and competitive environment
What's ahead in 2018-19 and beyond

Logistics in rapid evolution

- Consolidation continues, for 3PL and 2PL providers scale is key
- Increasing demand for integrated ecosystems to improve productivity and competitiveness
- Growing demand, few new commercial provider entrants of scale
- Borders blurring across the logistics industry
- 3PL e-commerce growth, growing 15%+ in key regions driven by consumer spending and increased cross-border purchasing requiring new solutions
- High growth in 3PL logistics, upcycle = stronger inertia around switching platforms

Governments

- Constant ongoing change centred around single window, e-commerce, border control/visibility, political change such as Brexit/political volatility
- Increasing compliance fines to address risks, increasing regulatory burden
- Governments are starting to focus on the massive volume of e-commerce cross-border transactions
- Digitisation is essential but implementation slow (Paper or ePaper documents are now a significant problem)

E-commerce growth driver

- E-commerce volumes are simultaneously pressuring and expanding logistics businesses and conventional shippers/retail
- E-commerce dismantling offline bricks and mortar, now impacting online retailers and potentially dis-intermediating wholesalers while both using, and competing with Logistics providers
- E-commerce giants becoming Logistics providers for their own operations
- E-commerce players expanding in significant ways into new markets

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AUSTRALIAN E-COMMERCE AND BULK FREIGHT INDICATE WORLD TRENDS

The number of low value consignments imported into Australia was 38.7 million in 2016-17, an increase of 22 per cent on 2015-16. In contrast, over the same period imports of high value consignments has only grown by 3 per cent to 3.7 million.

The number of low value consignments entering Australia is expected to increase further by 31 per cent over the next four years, compared with only 10 per cent growth expected in high value consignments.

Border Force

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The competing needs of Traders, Shoppers, Platforms and Governments

Tensions abound, parties have different goals but a clearer solution in sight

Needs/Problem

Poor Border Compliance

Embargoes / Dual Use / Denied Parties etc

Rare but massive compliance fines

Demands for lower cost / faster delivery of ecommerce

Risk-free, cross-border execution

Massive eCommerce Volumes
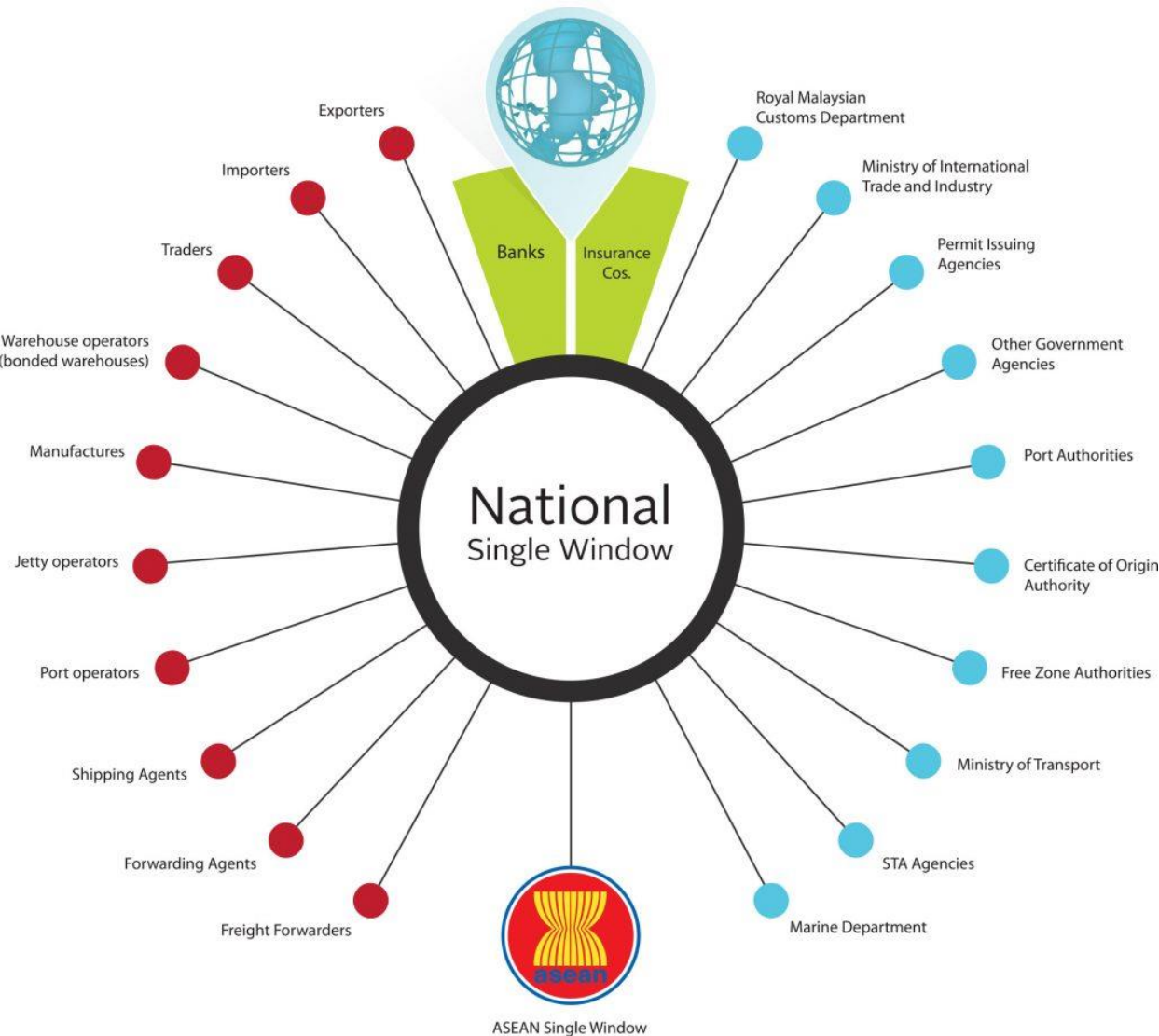
Solution

Fines, penalties

Single Window to Government

Trusted Trader programs/Education

Cleansed + verified global data sets

(computer) Guided decision-making

Advanced technical skills supported by Data driven systems / machine learning / Automation

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What is a Single Window?

A facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfil all import, export, and transit-related regulatory requirements across all relevant government agencies.

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What is a Single Window?

More than 70 global economies have developed and implemented Single Window systems (Source: DFAT)

Security and Risk drive Single Window

Single Window has taken on increased importance in the new security environment and emphasis on advanced information and risk analysis

UNITED NATIONS

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Advanced Technology/Data - the only way forward

Customs Expert	• Deep Knowledge • Supported by Systems
Computer Aids	• Machine Learning • Guided decision making
Transaction Data	• Product Information • Supporting Information
Technical Library	• Harmonised System • Regulatory Data

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The Intersection of Machine Learning/Automation and People
What's ahead in 2018 and beyond

LOW SKILLED LABOUR

At risk in the medium term

Offshoring to go

The only safety is education up the value chain

RISE OF THE MACHINES

Machines will replace repetitive, low complexity work

Machines will assist with high complexity work

HIGH VALUE EMPLOYMENT

Creative Occupations

Highly Skilled Occupations
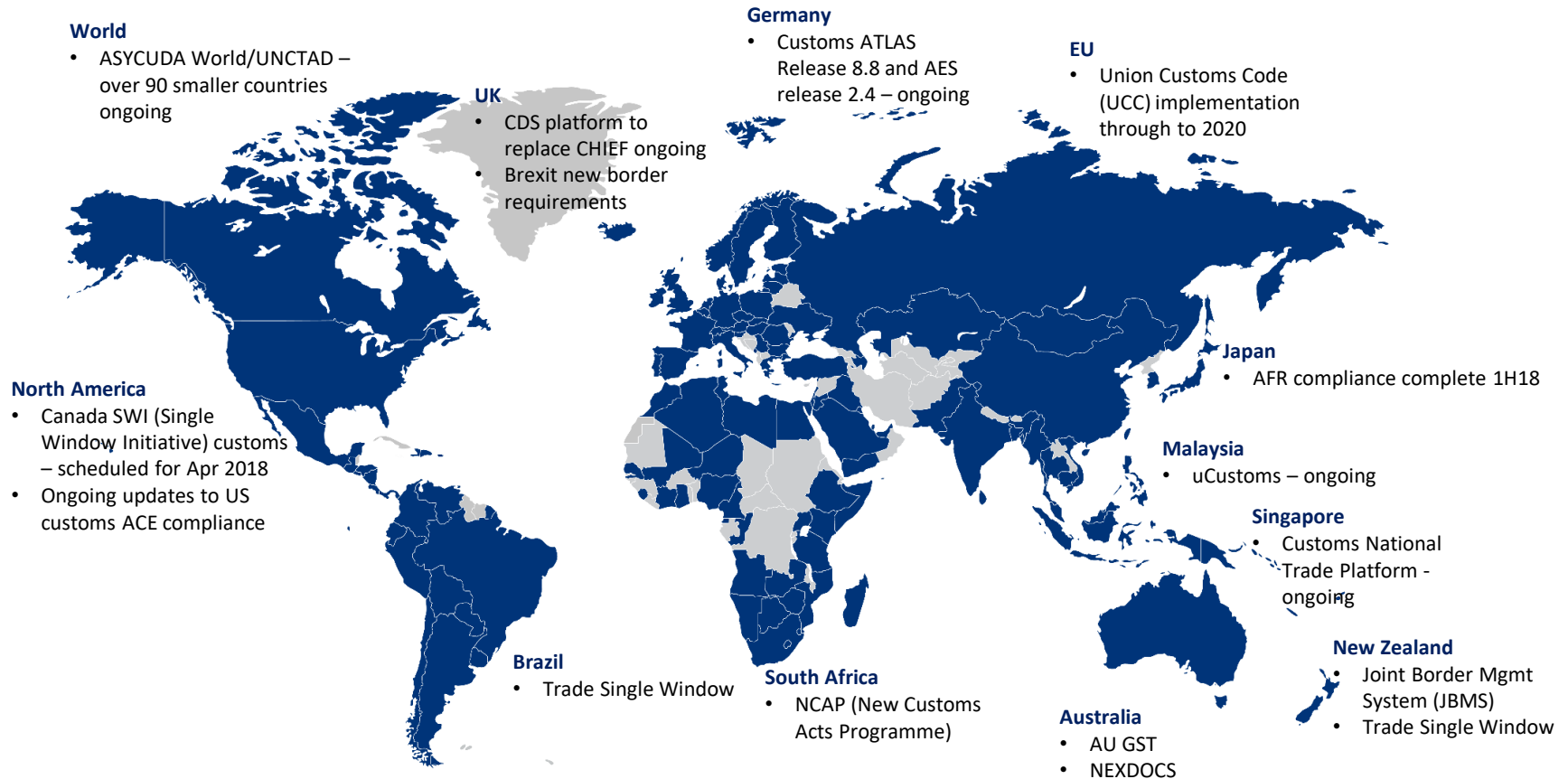
People Skills

Customer Relationship / Sales skills

TRANSITION TO THE FUTURE

3-5 years – Offshoring starts to return home

5-10 years: Onshore – jobs for low skill labor to become scarce

15 Years +

Only high skilled, creative, IT, relational job remain

WiseTech GLOBAL

Single Window is Global and Ongoing - regulatory changes progresses fast

We invest our regulatory experts and development teams in ensuring CW1 fully compliant globally

World
- ASYCUDA World/UNCTAD – over 90 smaller countries ongoing

UK
- CDS platform to replace CHIEF ongoing
- Brexit new border requirements

Germany
- Customs ATLAS Release 8.8 and AES release 2.4 – ongoing

EU
- Union Customs Code (UCC) implementation through to 2020

Japan
- AFR compliance complete 1H18

North America
- Canada SWI (Single Window Initiative) customs – scheduled for Apr 2018
- Ongoing updates to US customs ACE compliance

Malaysia
- uCustoms – ongoing

Singapore
- Customs National Trade Platform - ongoing

Brazil
- Trade Single Window

South Africa
- NCAP (New Customs Acts Programme)

Australia
- AU GST
- NEXDOCS

New Zealand
- Joint Border Mgmt System (JBMS)
- Trade Single Window

WiseTech GLOBAL

WiseTech is building a global border complain engine
Small targeted acquisitions in key regions provide safer, faster, stronger entry to new markets

We buy into market positions that would take years to build, integrate swiftly, and drive value across platform

Why buy, not build?

Seamless entry into new markets with:
- Industry experts
- Local leadership
- Quality customer base
- Local infrastructure and offices

Risk reduction
- Known entry cost
- Earnouts help retain mgmt
- Addresses war for talent

Accelerates expansion
- Move rapidly with certainty
- Targeting manufactured trade flows – high growth

intris
WISETECH GLOBAL GROUP
MARKET LEADER BELGIUM

znetgroup
WISETECH GLOBAL GROUP
GERMANY KEY EU TRADE

LSPsolutions
WISETECH GLOBAL GROUP
NETHERLANDS

*customs*matters
WISETECH GLOBAL GROUP
LEADER IRELAND

ABM Data Systems
WISETECH GLOBAL GROUP
IRELAND & EU

EasyLog
WISETECH GLOBAL GROUP
FRANCE

aco Informatica
ITALY

Forward
WISETECH GLOBAL GROUP
LATIN AMERICA

Bysoft
WISETECH GLOBAL GROUP
MARKET LEADER BRAZIL

SOFTCargo Software Solutions
WISETECH GLOBAL GROUP
LATIN AMERICA

prolink
WISETECH GLOBAL GROUP
TAIWAN & CHINA

Rapid expansion since January 2017:

11 customs focused acquisitions

Delivering strong positions in:
- Belgium
- Brazil
- France
- Germany
- Ireland (2)
- Italy
- Taiwan, China
- 16 countries across Latin America

Added **~250** talented industry experts and developers

Integrate product immediately – embed new product over time, utilising Universal Customs Engine

Integration scalable

Upfront cost of only **~$57m** plus earnouts in future years

WiseTech GLOBAL

Adjacencies feed into our global logistics ecosystems
Targeting key plug-ins to our global development or multi-regional adjacencies that can scale

We are **accelerating convergence of technologies** by adding targeted acquisition of key adjacencies to our innovation pipeline to build valuable ecosystems and global product sets.

1H18 acquisitions focus on expanding TAM in ocean, air, land transport, warehousing and data provision

We look for adjacencies that we can scale from domestic multi-region to global product capability, and either:

1. Provide a core element for key ecosystem development; or

2. Expand our next generation development of existing CW1 modules; or

3. Feed into global data set for machine learning and automation

Since 2017, we've added **~200** talented industry experts and developers

Integrate or embed is bespoke to the adjacency

Upfront cost of **~$72m** plus earnouts in future years

Key to building ecosystem for efficient live rates, bookings and automated execution

Cargoguide
WISETECH GLOBAL GROUP
Global air rates mgmt – provides global data set on carrier rates. Neutral platform linking carriers and 3PLs.

Softship
WISETECH GLOBAL GROUP
Leading global provider of software solutions to international liner shipping industry – with operations across Germany, US, Philippines and Singapore.

CARGOSPHERE®
WISETECH GLOBAL GROUP
Global ocean rates mgmt – provides live, global data set on carrier rates. Neutral platform linking carriers and 3PLs. Rates Mesh standalone and data integrated to CW1 customers.

Digerati **TradeFox**
Australian reference data providers feed into stage 1 of our global BorderWise data set development.

Microlistics
WISETECH GLOBAL GROUP
Specialist WMS across Asia Pacific, North America and Middle East for enterprise, express, 3PL and cold storage. Gartner rated.

CMS Transport Systems
WISETECH GLOBAL GROUP
Transport mgmt systems to add to our next generation Land Transport solution.

WiseTech GLOBAL

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Innovation investment

Significant pipeline of longer-term innovations across existing verticals and new adjacencies

~600
product upgrades and enhancements annually

37%
of revenue invested in 1H18

50%
of employees focus on innovation and product development

>670,000
unit tests executed every 45 mins

>$200m
invested FY14-FY18F

Major development focus on:

- Productivity
- Global data sets
- Machine learning
- Natural language processing
- Guided decision making
- Global automations
- HVLV logistics (e-tail)
- Regulatory environment changes

Over 3,000 product upgrades and enhancements added to the global platform over last 5 years

Our FY18 commitment: >$65m in innovation and development

Work faster, harder, smarter

PAVE
- Productivity Acceleration Visualisation Engine

GLOW
- 'Build once' architecture and 'coding without coders'

Universal Customs Engine
- Accelerating complex customs localisations

Reduce cost, time, error, risk

WiseRates
- Global data sets
- Real-time access
- Immediate booking

Global Tracking
- Global air/ocean schedules, container and air waybill tracking

BorderWise
- Risk reduction
- Due diligence
- Cost efficiency

Supply chain behavioural change

GEOCODE
- Global address cleansing
- Geocoding
- Master data de-duplication

Global data sets
- Multi-modal rates, schedules, bookings
- Compliance data
- 3PL supply chain

Machine learning
- Process automation
- Guided decision making
- Natural language processing

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Innovation pipeline – BorderWise

Global data set + machine learning = powerful border compliance engine, market leading

WiseTech border compliance engine

+ Custom-built global data set

+ Adjacent acquisitions x 2

+ WiseTech machine learning and natural language processing (NLP)

Prototype testing to rapid deployment <6 months

Immediate customer base from ediTariff, Digerati and TradeFox
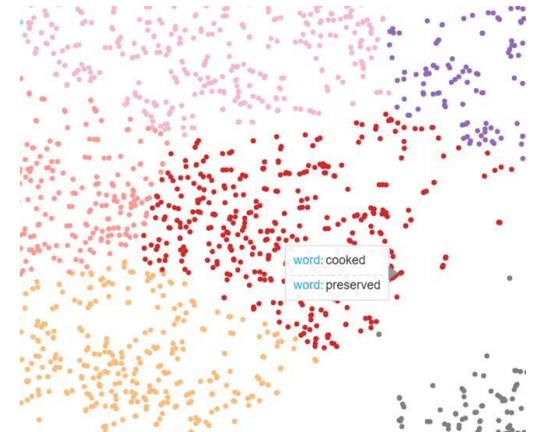
Trial with select large global 3PLs and non-logistics data providers

FY18 rollout to Australia, EU, NZ, Singapore, South Africa and the UK

What's in the box:

- Next generation of compliance management: comprehensive, integrated suite of legal books, technical documents, tariff-classification tools, and reference information.

- Provides the full breadth of customs publications from the World Customs Organization Harmonized System Explanatory Notes and the principles of valuation, to ratified treaties and local legislation.

- Global data set with real-time updates and alerts on legislation, publications and notices from regulatory bodies. Improves productivity, reduces compliance risk, fines, penalties and costs and can help customs and border protection agencies mitigate safety and security risks arising from the movement of goods across their borders.

Development:

- Over 60m past classifications and growing exponentially daily.

- Extensive global and local data set drive our machine learning and natural language processing techniques.

- NLP will allow levels of automated classification through the use of guided decision trees.

- Available standalone and integrated with CargoWise One.

- SaaS subscription licensing, cloud enabled.

- Launched in Dec 2017, FY18 rollout to Australia, the EU, NZ, Singapore, South Africa and the UK. Next phase the US, Canada, Mexico, Taiwan, Italy, Brazil, Germany, then ROW.

BorderWise

word: cooked
word: preserved

WiseTech GLOBAL

Powerful global tracking for vessel and container

+ Custom-built global data set – 'one source of truth'

+ WTC proprietary advanced analytics and workflow automations

+ Embedded in CargoWise One and will integrate with acquired rates engines

Immediate customer base from CargoWise One global platform

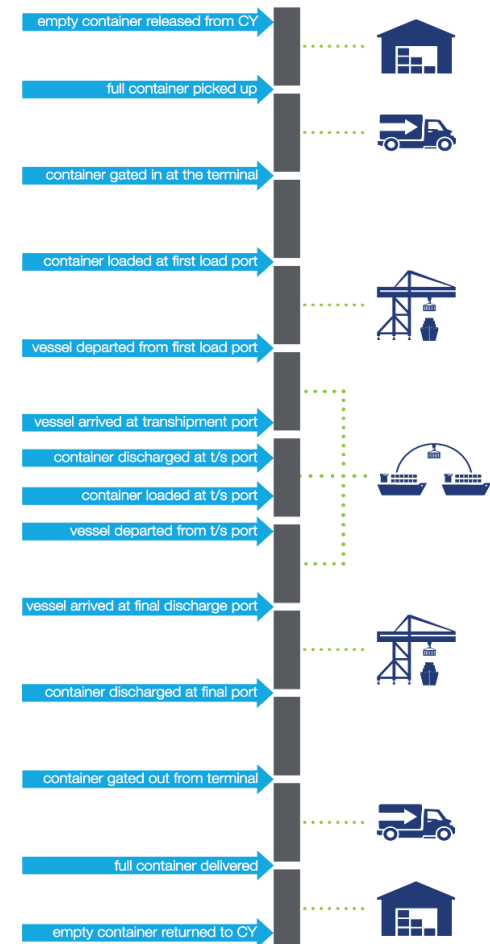**Vessel and container – adopted by DHL GF, Geodis, Rohlig & many others**

Each month, tracking more than 350,000 unique containers (~500,000 TEUs)

What's in the box:

- Large global set, cleansed, validated and designed to provide real-time visibility of every ocean container, booking, schedules and master bills from 90% of industry volume.

- Provides multi-piece consignment solution, multi-modal route optimisation and allows automations for logistics executions.

- Reduces headcount, penalties, delays, missed shipments, detention, risks.

- Available to all parties to the consignment: alerts to staff, customers, agents and third parties and to trigger downstream transactions.

- Embedded in Freight Forwarding and Customs designed to link to rates, bookings, warehousing and broader CW1 platform.

- Container tracking also provides critical timely and accurate updates on 30 different statuses: eg shipments, government, customs, quarantine, cargo pick-ups, consignee receipts and cargo loading.

- In development, Enhanced Air Tracking (flight and AWB) targeting every flight tracked, real-time movements, status updates. Complexity arises from volumes and fragmentation with over ~36m commercial flights occurring globally annually (IATA 2017).

Development:

- Available integrated with CargoWise One.

- SaaS transaction licensing for tracking, schedules in STL seat charge

- Cloud enabled.

- Launched vessel and container with further phased rollouts in FY18.

- Enhanced AWB tracking to be launched FY19.

- Currently WTC receives over 12m air freight status updates annually.

empty container released from CY

full container picked up

container gated in at the terminal

container loaded at first load port

vessel departed from first load port

vessel arrived at transhipment port

container discharged at t/s port

container loaded at t/s port

vessel departed from t/s port

vessel arrived at final discharge port

container discharged at final port

container gated out from terminal

full container delivered

empty container returned to CY

WiseTech GLOBAL

Powerful high growth engine – CargoWise One integrated global platform
Strong foundation for future technology, seamless rollout, scalable capacity, global solutions

- ✓ scalable to any size of business
- ✓ global reach – 130 countries
- ✓ deeply integrated with real time visibility
- ✓ reduces risks, costs and data entry
- ✓ detailed compliance
- ✓ 30 languages
- ✓ data entered only once
- ✓ automations and delegations
- ✓ built-in productivity tools
- ✓ on-demand/transaction-based licensing
- ✓ global data sets and execution engines
- ✓ swift on-boarding, efficient sales process
- ✓ open-access
- ✓ available anywhere, anytime

Relentless platform expansion with over 500 enhancements annually

WiseTech
GLOBAL