GIS DIGITALISATION FOR GROWING E-GOVERNMENT LANDSCAPE

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To become a key service provider to Governments willing to succeed in implementing their digital transformation towards e-administration

2 pillars strategy:
- Acting on Trade and Tax related services as a continuation of our current portfolio
- Moving towards broader e-government services by modules (Land administration, Health, Natural resources, NGO Benchmarking…)

Move from certification and data capture to data interpretation and data integrity assurance

Today’s presentation will focus on
- GIS development in Trade: Building a data pipeline concept mainly through high synergistic acquisitions (e.g. MACO)
- An example of a modular digital transformation: Forestry
# Impact of New GIS Digital Services on Cross Border Trade

## GIS Services at Point of Origin

<table>
<thead>
<tr>
<th>Service</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCA</td>
<td>Remote Inspection / AI / Process Automation</td>
</tr>
<tr>
<td>TransitNet</td>
<td>Data pipeline / Process Automation</td>
</tr>
<tr>
<td><strong>NEW 2017</strong></td>
<td></td>
</tr>
<tr>
<td>E-Waste</td>
<td>Remote Inspection</td>
</tr>
</tbody>
</table>
| Trade content / Customs compliance (denied party, Classification, valuation, etc) | Process Automation  
Artificial Intelligence |
| **NEW 2017**     |                                                  |
| Export documentation process and connectivity to customs e-compliance (MACO) | Process Automation  
Data pipeline |
| E-Commerce       | E-certification (PCA, Origin..) & Tax            |

## GIS Services at Destination

<table>
<thead>
<tr>
<th>Service</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>SeW</td>
<td>(import process facilitation)</td>
</tr>
<tr>
<td><strong>NEW 2017</strong></td>
<td></td>
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<tr>
<td>E-Valuator</td>
<td>(Valuation/Classification)</td>
</tr>
<tr>
<td><strong>NEW 2017</strong></td>
<td></td>
</tr>
<tr>
<td>OMNIS</td>
<td>(tracking)</td>
</tr>
<tr>
<td><strong>NEW 2017</strong></td>
<td></td>
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<tr>
<td>D-Tect</td>
<td>AI. SaaS</td>
</tr>
<tr>
<td>ACI</td>
<td>(import process)</td>
</tr>
<tr>
<td><strong>NEW 2017</strong></td>
<td></td>
</tr>
<tr>
<td>Scanner</td>
<td>Consulting and Training</td>
</tr>
<tr>
<td>Cyber security</td>
<td>Awareness (Consult/Training)</td>
</tr>
<tr>
<td><strong>2018 - 2019</strong></td>
<td></td>
</tr>
<tr>
<td>Export documentation process (clearance, VAT, etc)</td>
<td>SaaS and data Pipeline</td>
</tr>
<tr>
<td><strong>2018 - 2019</strong></td>
<td></td>
</tr>
<tr>
<td>Cyber security</td>
<td>Certification/Data Integrity</td>
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<tr>
<td><strong>2018 - 2019</strong></td>
<td></td>
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<tr>
<td>Brand/Consumer protection</td>
<td>Track &amp; Trace- EU 2020</td>
</tr>
<tr>
<td><strong>2018 - 2019</strong></td>
<td></td>
</tr>
<tr>
<td>Brexit preparation</td>
<td>Export and Transit in EU</td>
</tr>
</tbody>
</table>

## Efficiency

- **2018 - 2019**
- **Growth**

- Cyber security
- Brand/Consumer protection
- Brexit preparation

- Certification/Data Integrity
- Track & Trace- EU 2020
- TransitNet in UK
GIS WAVE STRATEGY – E-COMPLIANCE

- Provide international trade clients with **integrated Trade compliance** (e-Compliance) services;

- Move **upstream** from services in destination countries to trade facilitation in countries of origin:
  - Re-use of same dataset for multiple customs forms (e.g. certificate of origin, certificate of conformity, transit/export filing, security filing) and linking export procedures with requirements in importing countries to build a “Data pipeline”: Efficiency, Simplification
  - Leverage on heritage solutions (PSI, Single Window, ACI, E-Valuator, classification) to build new services

- Focus on **key countries** with significant interaction with private sector and with GIS presence through PCA and TransitNet activities: Europe and North America as a start
  - In **short term**, Customs processes: Trend of customs dematerialisation and cross border complexity is favoring a mix of customs knowledge and software capabilities as well as direct connectivity to local controlling agencies to serve Trade willing to reduce risk through greater compliance in key countries
  - In the **medium to long-term** data captured through platform to offer enhanced value proposition for governments services (Tax efficiency)

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**Origin**
Europe, North America, China

**Destination**
Africa, Asia, Latam

**Physical Trade / Logistics operations**

**Moving upstream**

**Export**

PCS  
Transitnet  
Carrier & Forwarder  
SeW  
E-Val
OMNIS

**Importer**

ACI  
D-tect  
Scan
<table>
<thead>
<tr>
<th>Experience</th>
<th>Client base</th>
<th>Expertise &amp; Recognition</th>
</tr>
</thead>
</table>
| • Founded in 1953  
• Independent, specialized, and full service customs facilitator | • Import and export companies as well as logistic service providers | • Customs brokerage: Provide transaction-based brokerage including import, export, transit declarations, certificates of origin, excise, fiscal representations on behalf of the importers/exporters (direct clients) or other third party logistics (indirect clients)  
• Customs software: Cloud-based software providing automated brokerage to advanced customers, mostly exporters. Modules allow for direct electronic filing  
• Customs consultancy: Licenses (bonded warehouses, AEO), Complex customs situations, VAT/Excise/origin and duty recovery |
| Geography and Complementarities | Technology | E-commerce |
| • Accreditation as a broker in Belgium and Netherlands offers upside potential for GIS activities in Benelux and beyond  
• Already connected to Customs in Germany  
• Transitnet expansion in Benelux to be accelerated through Maco and with cost savings | • Software connected to Dutch customs and Portbase (Dutch port community system) a key value for scalability | • Facilitate tax compliance and tax collection on ecommerce transactions into EU  
• Combine logistics and brokerage and target US to EU ecommerce flows as a start  
• Develop VAT Monitoring solutions |
PREPARE FOR THE BREXIT

- We want to offer
  - Data pipeline to facilitate e-customs services
  - Reliable solution for transit to/from the UK as once out of EU (separate or swiss like status), goods to and from UK depending on their origin, will be treated differently

- TransitNet expansion will be the first pillar of our strategy to address the big potential of the Brexit:
  - TransitNet is a global Transit service to approved operators, whereby SGS, acting as Principal towards Customs:
    - Takes full responsibility for proper termination of any Transit operations
    - On behalf of our clients submits and monitors advanced electronic Transit declarations to any Customs platform (compliant to ICS –ECS requirement)
    - Arranges comprehensive bank guarantees in favour of Customs
  - TransitNet is well suited as it
    - Remains the only pan European e –customs transit provider (500’000 ops in 2017)
    - Operates in any environment both “NCTS” (like Turkey or Bulgaria) and “non-NCTS” environments (cloning) like currently Serbia and Ukraine
    - Handles Multimodal operations (road, barge, RoRo, container and rail)
    - Is interfaced with port and shipping agents systems
IN SUMMARY

Market potential (UK&EU)
• 30 Millions Transits operations
• 96 Millions Export transactions (equivalent Import transactions)
• More than 200’000 new traders with new status in EU
• Representing a total business potential of 1.5 billion Euros (at current SGS Service rate)

SGS Strengths:
• Proven capability
• Geographical Coverage (East-West corridor stable)
• Proven technology (fully owned)
• Technical expertise
• Financial capabilities

Risks:
• Competition (fragmented market)
• Regulation
• Time to market

Gap:
• Build “Channel” corridor
• Expand South-North Corridor
• Reinforce capacities
THE CONTEXT

- Certification required to sell wood
- Countries required to put in place legality verification scheme
- Scheme requires combination of technology for document processing and field inspection
- Field inspection difficult, costly and not always reliable; subject sometimes to very difficult conditions
- In complement to a well recognized Legality verification IT system (Congo, Liberia, Cameroon…) we are developing a satellite monitoring solution to:
  - Enhance data capture
  - Develop advanced data interpretation
SATELLITE BASED MONITORING OF LOGGING ACTIVITIES

- Monitoring industrial logging activities/land clearings at country level
- Detection of scattered illegal logging in protected areas (e.g. national parks)
  - High accuracy: detection at tree level
  - Quick revisit rate: weekly frequency
  - Large coverage: at country level
  - Low cost – high return:
    - High quality data available
    - Machine learning supplementing human interventions and analysis
FIELD VS SATELLITE MONITORING

<table>
<thead>
<tr>
<th>FIELD MONITORING</th>
<th>SATELLITE MONITORING</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Must be targeted to be effective</td>
<td>• Can be global</td>
</tr>
<tr>
<td>• Difficult access to sites</td>
<td>• All types of areas</td>
</tr>
<tr>
<td>• Face-to-face/Scheduled exchange</td>
<td>• Allow unannounced controls</td>
</tr>
</tbody>
</table>

Video shows 3 cases

1. Monitoring industrial logging & land clearings activities: check if trees have been logged in the authorised area
2. Detection of scattered illegal logging: alerts can be sent as soon as something unusual happens in a protected area
3. Detection of smuggled timber from a protected area