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Free trade? There's an app for that

Creative tool part of movement to make businesses "digital at their cores"

In a few short years, consumers have become remarkably adept at shopping and banking using their desktops, tablets, and mobile devices. They play games, stream media, interact with friends, and participate in myriad other digital-driven activities.

Researching tariffs probably is not one of those activities. But, there's an app for that too, and business professionals around the Pacific Rim and beyond are using it to navigate complicated trade policy and regulatory environments.

Created by the consulting and tax functions of Deloitte in Japan and their counterparts in other Deloitte firms across 10 countries, Trade Compass™ is a web-based platform that allows clients to get one-stop access to relevant tariff rates and rules of origin. By using the tariff information as a key input, users are better able to choose trade partners in countries offering the most favorable trade arrangements and they can often realize considerable cost savings. It represents a new twist on how businesses are using digital tools to support their broader company goals.

There are nearly 400 free-trade agreements (FTAs) in effect globally, creating a confusing web of options. "Until now, there's been no user-friendly tool that permits clients to easily compare applicable FTAs and judge which supply chain is the best, at least in terms of tariffs," explains Deloitte Japan's Regulatory Strategy Manager Masahiko Myose, who led the development of Trade Compass.

Using Trade Compass, one producer of epoxy resin saved nearly US\$217,000 by choosing a trade partner in a country with a favorable FTA. Its tariff rate on the US\$8.3 million in goods it imported was reduced from 5 percent to 2.4 percent. The savings added almost 3 percent to the annual income of the business unit acquiring the goods.

The Trade Compass tool was recently adopted by the Japanese government as a centerpiece of its Trans Pacific Partnership-related information program. "By including all FTAs applicable to 19 major Asia Pacific countries and the European Union," Masahiko says, "Trade Compass is easing the burden on management and driving better-informed decisions."

"Businesses have prioritized improving the customer experience via digital, and those efforts will drive significant revenue growth in coming years," says Mike Brinker, Deloitte Digital Leader, Deloitte Global. "While front-end strategies are important, though, companies need to be digital at their cores. In the next three to five years, cognitive, social, and other emerging digital technologies will be woven into all aspects of businesses and their strategies. Trade Compass is a great example of how digital tools can help business leaders make better decisions that improve their bottom lines."



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Mike Brinker, Deloitte Digital Leader,
Deloitte Global