C4T

Self-filing vs representation

Navigating the complexities of insourcing vs outsourcing customs declarations processes

In this Paper

Market trends, including the growth of global commerce, increasing complexities of cross-border rules and agreements, and changes in political environments across the globe are making the world of customs and trade more complicated than ever.

With the UK no longer being part of the European Union, customs formalities and checks apply to the movement of goods between the two parties. Importing and exporting between the EU and UK now requires customs procedures like any other third country: customs declarations need to be filed, new authorisations are required, and operations are undergoing checks and controls.

New policies for electronic procedures in the EU are outlined in the Multi-Annual Strategic Plan for Electronic Customs (MASP-C), to align all EU customs systems with the Union Customs Code (UCC). Paper-based customs procedures are set to be completely replaced by 2025, digitising the entire process.

To position their organisations for success, global trade executives must adapt to current and emerging challenges and opportunities by making forward-thinking choices. One of those is whether to work with a customs intermediary to manage customs formalities or opt for a software solution that allows them to bring control of customs back in-house. As with any business decision, cost and return on investment (ROI) play a crucial role in deciding whether to adopt a software solution or outsource to a customs broker.

This white paper calculates the cost of both of these options. We hope it will guide you in making this important decision within your organisation and help you go beyond compliance.

Challenges and opportunities

Customs compliance experts are used to roadblocks - sometimes quite literally! Legal compliance needs to be combined with efficient and effective processes to make sure trade flows seamlessly; avoiding delays, fines, and penalties, reducing costs and business risks, increasing visibility into customs trade flows, ideally resulting in full control of customs operations.

Identifying the challenges and impacts:

Keeping up with legislation
Differences in legislation, even within the EU Single Market, add great complexity to customs compliance. Staying up to date with laws and regulations is a herculean task and mistakes can cost time and money.

Lack of standardisation & centralisation
Standarised workflows, operations and centralised data save money and provide efficiencies, yet most companies are using siloed IT systems that don't communicate with one another, let alone with customs authorities.

Lack of communication
In most circumstances, a single person or a small team with very specific knowledge is running customs operations, which can disrupt business continuity when this person is away from the business. It can also hinder critical data sharing among stakeholders, holding up trade.

Lack of insight
Housing data in various systems, working within cumbersome spreadsheets, and employing manual processes for customs management all diminish data quality. Valuable data gets even more obscured when there are multiple customs teams working in different business units across several countries, sacrificing the insights that could be gleaned from real-time customs operations.

Lack of ownership
Outsourcing customs formalities to brokers makes an organisation reliant on the data their brokers share and constrains them to the method in which it is shared, e.g., CSV outputs. This reduces the possibility of performing critical analytics that can support growth in trade.

The best way for customs compliance professionals to overcome these challenges and turn them into opportunities is to automate customs operations. Customs automation puts a halt to firefighting and gives customs managers an integrated view of trade operations across the whole business, shifting customs from a cost centre to a strategic player. Imagine having real-time figures to inform decision-making for international trade.

Case study one: A small business that is handling an estimated 3000 declarations a year in one country for direct filing in Belgium.

Scope summary
3000 declarations
One country in scope for direct filing (BE)

Cost Breakdown	Software solution	Customs broker
Software implementation	€ 5.333,33	Not applicable
Write-off period for implementation costs	3 years	Not applicable
Annual software subscription	€21.606,83	Not applicable
Customs broker cost per declaration	Not applicable	€ 35/declaration
Annual customs broker cost	Not applicable	€ 105.000
Total cost per year:	€ 26.940,16	€ 105.000

€ 78.059,84 annual savings with a software solution

Case study two: A small to midsize business that is handling an estimated 6000 declarations a year across three different countries for direct filing: Belgium, the Netherlands, and the UK.
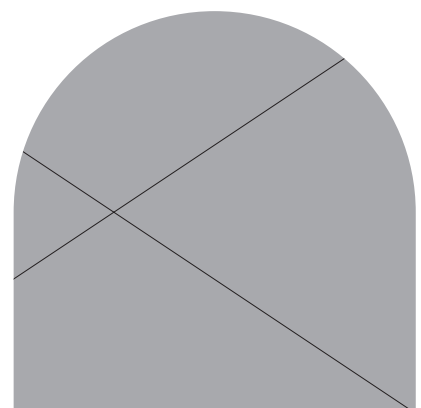
Scope summary
6000 declarations
Three countries in scope for direct filing (BE, NL, UK)

Cost Breakdown	Software solution	Customs broker
Software implementation	€ 13.333,33	Not applicable
Write-off period for implementation costs	3 years	Not applicable
Annual software subscription	€ 48.165,77	Not applicable
Customs broker cost per declaration	Not applicable	€ 35/declaration
Annual customs broker cost	Not applicable	€ 210.000
Total cost per year:	€ 61.499,10	€ 210.000

€ 148.500,90 annual savings with a software solution

Case study three: A multinational corporation that is handling an estimated 120.000 declarations a year across four different countries for direct filing: Belgium, the Netherlands, Ireland, and the UK.

Scope summary
120.000 declarations
Four countries in scope for direct filing (BE, NL, UK, IE)

Cost Breakdown	Software solution	Customs broker
Software implementation	€ 17.333,33	Not applicable
Write-off period for implementation costs	3 years	Not applicable
Annual software subscription	€ 426.109,66	Not applicable
Customs broker cost per declaration	Not applicable	€ 35/declaration
Annual customs broker cost	Not applicable	€ 4.200.000
Total cost per year:	€ 443.442,99	€ 4.200.000

€ 3.756.557,01 annual savings with a software solution

The length of time between a declaration being lodged and cleared simply can't be matched in a manual environment. Automation with CAS meant we didn't have to change logistics flows or risk delays in the clearance of goods.

Lizzy Prescott, NSCM Manager, Aldi

Considerations▶

When you are making your comparison between using customs brokers or a software solution, consider whether you are calculating for the long term or short term. Several factors come into play, meaning you must account for them all in order to make an informed decision.

Upfront costs
Making a choice to go with a customs broker eliminates or substantially reduces upfront costs like licensing and implementation

Onboarding
The initial onboarding costs of integrating a software solution (in these use cases, CAS) with existing SAP, ERP, or WMS systems are higher than outsourcing to customs brokers.

Annual costs
The ongoing annual costs of a software solution are significantly lower and more predictable than those of customs brokers.

Automation
Automated data consolidation, document production, and dashboard and analytics capabilities included in customs software solutions allow organisations to accomplish more with fewer resources in the medium-to-long term.

Optimisation
Software-enabled predictions for duty payment optimisation provide long-term cost savings. These are not included in the use cases but can save up to 40% additionally.

Automation
Automated, real-time customs compliance offered by customs management solutions minimises waiting times for customs clearance, providing cumulative cost savings and efficiencies across the entire supply chain.
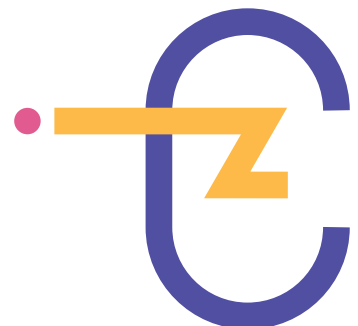
Managing brokers

Customs compliance executives have two main options for managing import/export administration, compliance, and optimising international trade operations: outsourcing to customs brokers or implementing an in-house software solution.

Understandably, many companies need help navigating the complex and ever-changing customs environment, and outsourcing can free up valuable time. As an international trade expert, it is a customs broker's job to keep abreast of changing rules and regulations. However, one critical consideration is that the importer or exporter remains liable for any inaccuracies in declarations or non-compliance with customs regulations. It is also likely that some in-house resources will still be required to meet day-to-day administration needs.

As companies typically use multiple customs brokers to manage global customs operations, they must audit and manage each of those partnerships, which is time-consuming. Engaging multiple brokers also raises issues around variable costs and budget control. Using a customs broker, the cost per declaration ranges between €35-75, excluding internal staff costs, depending on export or import and on the number of items or commodity codes.

Scalability constraints

Some brokers have limited agility to scale up or down to meet business demand and many don't have the technology systems needed to optimise duty costs.

Lack of visibility

Gaining a real-time, comprehensive picture of international trade transactions undertaken by different departments using different brokers is next to impossible.
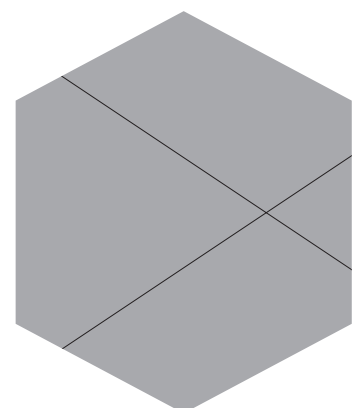
Centralised system

Another option is to onboard a software solution to centralise, standardise, and automate your customs operations. C4T's Customs Accounting System (CAS) provides zero-touch compliance and global trade management as a service. Based on the highly scalable and secure Microsoft Azure platform, CAS automates declarations and sends the information to the respective customs authorities as needed. Legal content is updated by customs experts as soon as legislation is passed. CAS combines extensive customs expertise with the latest technology to ensure international trade runs smoothly, with minimal effort and intervention.

Strategic insights

Some brokers have limited agility to scale up or down to meet business demand. Many don't have the technology systems needed to optimise duty costs. An automated declarations system such as CAS has the ability to scale with your business, and as demand grows and operations expand, users can bring in the use of CAS modules such as Special Procedures to generate further duty savings.

Simple integration

Application Programming Interfaces (APIs) are the standard method of integrating and sharing data between online services and are embedded within the CAS solution. For example, the Notification and Declaration API allows you to share data with colleagues, business partners, departments, and third parties.

The full cost of ownership is between € 3-10 per declaration depending on the volume.

Substantial cost savings can be achieved by onboarding a software solution. CAS offers real-time processing of declarations in one single platform with standardised workflows, centralised data, visibility into the totality of your customs operations, and control over your data, which is not possible using a third party broker.

About us

Customs4trade NV (C4T) has developed CAS, a collaborative hub, built on the Microsoft Azure platform delivered as a service (SaaS). It is designed to manage regional and worldwide customs and trade compliance quickly and accurately, with a digital-first approach, helping customers stay ahead of the digitisation of customs processes. CAS provides customers with continual updates and feature enhancements, including the incorporation of any changes to legislation and compliance regulation—along with Azure's signature accessibility, scalability, and security.

Forward-thinking companies are turning to C4T to help them navigate customs and trade with native-cloud software and support services for their organisation's highest strategic benefit.

Get in touch

We'd love to hear from you.

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