



Unlocking the value in global trade

“Reliable supply chain information is credit enhancing. Owners of this information have a great asset, but they fail to maximize its value..... the value created by reducing the financing cost by even a few basis points is far greater than any cost saving possible from traditional transportation and warehousing targets.

Credit Suisse First Boston 2001

EZD, a unique business that links the moving and financing of goods, has developed an integrated financial logistics service solution, and, from this linkage, produces a new and significant source of working capital finance.

One of the greatest benefits when merging both the physical and financial supply chains is the ability to trigger settlement activities off a much richer set of milestone events. Our unique proprietary, risk management system (d.risk™) oversees the total transaction including the shipment of goods to ensure that any disruptive events that occur are managed proactively to ensure that the consequential financial risks are significantly reduced or eliminated.

EZD understands how to organise, manage and mitigate the risks in international trade.

Overview

“Most companies have achieved excellent cost control and financial management of their domestic operations. However controlling global trade activity remains more challenging. Global supply chain uncertainties contribute to budget overruns and cash flow management challenges”

Aberdeen Group 2006

Companies involved in international trade are constantly exploring new ways to manage the cost versus service dilemma, and supply chain management is usually one of the first business functions to be put under the microscope.

The established thinking on SCM is that it involves just two major components, inventory and information, and regularly concludes that reducing inventory will reduce cost, and improving information flow will improve service.

The EZD approach

We have broadened this definition of SCM to include some small but fundamental differences.

- Logistics

For EZD, supply chain management certainly involves the management of the physical movement of cargo, where the objective is minimising time and inventory.

- Finance

To define SCM solely from the logistics perspective excludes critical costs associated with the production and movement of the goods. These include the financing costs for holding inventory, the collection costs, the capital risk of non-payment and the costs of funding the increasingly lengthy payment terms demanded by purchasers.

- Information

Information technology is an essential component in the management of the integrated finance and logistics process. Besides being used for execution management, information drives EZD's d.risk™, an essential tool for the management of risk inherent within international trade.

- Trading process

It is only by understanding the processes involved in both the movement of and finance for goods in transit, and the risks inherent at every stage, that one can begin to create a process that makes use of available information to produce an integrated, risk managed solution.

The Solution

“Best practice should consider supply chain management as comprising three flows; physical, financial and information. The use of supply chain information to optimise both the physical and financial flows brings benefits not considered by most organizations”

Syntegra. 2002

EZD offers its customers a supply chain finance solution based on overseeing the vendors export programme, monitoring the shipments from door to door and providing the associated trade finance, including credit and collection services through a network of banking and insurance partners. The solution enables a collaborative approach to be taken between the parties at either end of the supply chain.

Retailers and buyers have the opportunity to link in their highly skilled manufacturers and vendors with a new, risk-mitigated trade finance methodology, which provides the nominated manufacturers with

- (i) Significantly enhanced cash flow on a non-recourse basis.
- (ii) The ability to meet longer open account trading terms, whilst at the same time having the level of security of payment which a letter of credit would provide.
- (iii) The financial flexibility to offer larger programmes to his customers.

The retailer's/buyer's balance sheet and profit and loss account is only impacted at the end of the agreed trading terms, by which time it is very likely the goods will have already been sold.

EZD has assembled an extremely attractive financing package, which empowers vendors to participate in their customer's supply chains. EZD utilises sophisticated risk management techniques to elevate the risk profile normally associated with trade finance transactions and, with **d.risk** its proprietary information system, actively manages transaction risks using logistic information and transforming it into event-related financial disciplines which complement supply chain management systems.

The Benefits

“Releasing value can bring savings for both buyers and suppliers, including extending payment terms and lowering the cost of procured goods for buyers.”

GTR 2007

Benefits for the Buyer

- Increases and diversifies open account credit terms.
- Lower finance costs by the elimination of Letters of Credit.
- Buying on extended supply chains is no longer a balance sheet liability that must be funded.
- Purchasing risk due to non-performance is much reduced or eliminated.
- Strengthens global supplier partnerships allowing negotiation of better trading terms or improved service levels.

Benefits for the Vendor

- Single control point for non-core business activities (finance, logistics and insurance).
- Immediate access to funds on trouble free dispatch of goods
- Increased cash capacity allowing growth and expansion
- Gives Letter of Credit security with open account flexibility
- 100% credit insurance on the buyer.

What makes EZD different?

EZD is a single organisation that has developed an integrated Financial Logistics service solution. Through linking and proactively risk managing the flow of goods in one direction with the flow of money in the other, we are able to bring increased benefits of assured supply chain performance to all parties.

The EZD team has all the requisite banking and shipping delivery expertise in-house.

- EZD's experienced banking team has designed the financing component of the service to give the flexibility to offer open account trading terms, while increasing the security of a traditional letter of credit.
- EZD's logistics and shipping experts utilise logistic information and incorporate key elements into a financing structure This adds much needed disciplines and interlocking controls into the supply chain and results in the optimisation of inventory flows.
- EZD is independent and are able to supply our services as a complementary wrap around to any preferred suppliers.
- **d.risk™** ensures that any disruptive events that occur are managed proactively to ensure that the consequential financial risks do not exceed agreed acceptable limits.
- Each EZD shipment carries an audit quality documentary file for the order to cash cycle and because financial flows are integrated into the system, funds are not advanced until agreed milestones have been met.

In summary, EZD's risk mitigation expertise leads to an integrated financial logistics service, which does not exist elsewhere. This makes it an even more compelling product in the current economic environment, benefiting vendors, retailers and buyers alike.

This is what we mean when we offer to help you in

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