

# Playing TradeCard well

**By using an automated financial supply chain, Atico International has reaped whopping time and cost savings when managing shipping documents and invoices. By Gigi Onag**



Raymond Tang,  
financial controller,  
Atico Hong Kong

PHOTOGRAPHY BY DANTE PERALTA

**F**or over a year now, Atico International has been using the TradeCard system to initiate, track and settle its business transactions with US retailing chain Kmart. The experience has given the company a taste of the advantages and benefits of a fully-automated financial supply chain (FSC).

Through the TradeCard system, Atico can electronically keep tabs on the entire process of each business transaction from the receipt of purchase order to the receipt of payment.

“For a trading company, one of the most important things in this era is to turn the FSC into a paperless cycle,” says Raymond Tang, financial controller, Atico Hong Kong.

The company is one of the overseas offices of the Florida-based import trading firm which sources finished goods from Asia on behalf of big retailers in the U.S., Australia and the U.K., among others. Atico has about 150,000 products from a wide range of categories from electronics, houseware, to fashion accessories.

The company in Hong Kong has been in an uphill battle to tame the volume of paperwork generated at each step of the FSC process. Through the years, it has found ways to ease the problem. Purchase orders (POs) are sent online through the Atico in-house trading system. And the company continues to cut the number of business transactions done on Letter of Credit (LC) terms.

LCs are notorious for the amount of paper documents they generate. For each LC, different forms in triplicates have to

be submitted to the bank.

"Our trading system helps eliminate a lot of paper internally. But we still have to produce the basic papers like shipping documents and invoices when dealing with external parties and customers," Tang notes.

It doesn't help that one PO from a U.S. retailer may have instructions for delivery to 10 locations. In this case, Atico has to prepare one set of document in triplicates for each location.

Right now, the company handles an average of 20,000 shipments a year. Being at the region's shipping and financial hub, it has to produce not only the shipping documents and invoices for POs in Hong Kong but also for the ones from Taiwan, Malaysia and Thailand.

"Just imagine the amount of work for one PO. And imagine multiplying that 20,000 times," Tang says. "We could save at least 30 percent of our time if we could do away with all that paper."

Atico's experience with Kmart using TradeCard's online platform did just that.

"The main benefit for us is on the invoicing part. Instead of having a large pile of shipping documents and sales invoices, we only have to input the shipping and the invoice information into the system. Kmart at the other end would get all the information it needs for invoicing and then arrange for payment based on the agreed terms," says Tang.

Furthermore, Atico avails itself of TradeCard's payment protection option which gives a safety net to a seller in case a buyer defaults on or delays payment. This makes good financial sense, for Atico is now doing more open account transactions in which goods are shipped to a buyer without guarantee of payment.

"So far, we can quantify that we save at least 10 percent to 20 percent of our costs in terms of bank charges, courier charges and manpower costs," said Tang.

Right now, Kmart is the only Atico customer using the Tradecard platform.

Another customer has shown interest in the same arrangement.

"We are waiting for further news. We are a service provider, this is why we are quite passive. We are ready to use TradeCard but it all depends on whether our customers will support it and will be willing to join in. We have no control over the whole process," Tang says.

He notes that it will take time to convince big retailers to try a platform such as TradeCard to fully-automate their FSC because they have to consider other suppliers and partners with whom they need to integrate.

TradeCard chairman and CEO Kurt Cavano estimates that a buyer could shell out between US\$5,000 and US\$50,000 when installing the TradeCard platform. It basically covers integration services and the amount largely depends on the level of integration.

Says Cavano: "We won't do a project with a company unless we can save them significant dollars. We can save a big company US\$10 million a year and a small company US\$50,000. Typically they would see the savings one or two quarters after we get started. And we show them savings that is net their investments—real-time return on investment with savings that exceeds our fees in the first year."

Meanwhile, Tang says Atico will continue to streamline its financial processes of its trade transactions even though full, end-to-end automation with integration with every customer is not possible at this time.

"We have room for improvement all the time. We should not be complacent about the existing level of automation. Customer needs, documentary requirements, and the required degree of integration change constantly. We have to live up to these new requirements," he adds. ■

companies run customized systems with no more difficulty than those running out-of-the-box set ups.

Not only did Leong choose minimal customization, but he also saw the introduction of a new financial system as the perfect opportunity to change some of his company's processes.

With several companies operating in Singapore, Malaysia, China, Thailand, and Hong Kong, Juken needed to centralize data and ensure that reports and checks were done correctly and promptly. In the past, says Leong, employees found the process of gathering and analyzing data from the five incompatible financial packages used in different offices so tedious that they would put it off as long as possible. The result—reports that were months late, if they got done at all.

With poor data integrity, there was a risk of over-billing, under-billing, and not billing at all. The new system automates much of the work but requires staff to follow the appropriate steps, flagging any anomalies for immediate attention.

Leong has seen his month-end closing reduced to about two weeks from four to eight weeks. If that's not good enough for his needs, he has access to real-time data. He can make better decisions, based on the latest data, and now has the staff and resources available to implement his plans. His system has allowed him to start thinking less operationally and more strategically.

The implementation of Juken's system went live in Singapore last April, after a couple of months of preparation. The company is now implementing the solution in other locations. Leong estimates total expenditure (including Singapore) to be between S\$3 million (US\$1.8 million) and S\$4 million (US\$2.3 million) spread over about three years.