

International Deployment Capabilities



Deploying material internationally is extremely complex, with significant added costs if not done properly. With a significant global presence and experience in supply chain management worldwide, Anixter provides its customers with the needed expertise to identify best practices in global sourcing, procurement, bill of material management, importation services, deployment and transportation management. Our goal is to minimize your total costs and offer services to help you effectively manage the process without delays. Below are factors that need to be considered when procuring and managing material internationally.

Financial Implications

Initial Sample Material Costs

\$100

- VAT Payment Value-added taxes (VAT) are normally required to be paid when importing into most countries at rates from 5–25 percent. If the VAT is registered in the local country, most often customers can recover this cost directly from their local government if the material is procured correctly. Anixter, who is registered in 52 countries, can invoice locally, with the VAT included, allowing customers to easily document and recover this charge. +\$25
- Duty Payment In most countries, duties on imported product must also be paid at the time of importation, which are based on HS (Harmonized System) code or product classification and can be 0—30 percent or more of the value of the goods. Anixter's in-country logistics managers can accurately classify the product to minimize duty rates. Depending on local government requirements, Anixter can deliver the product DDU or DDP (Delivery Duty Unpaid or Paid) to the customer in-country, or import the product, clear customs and invoice the product to the customer in local currency. In some cases, duties can be avoided all together. +\$30
- Freight Costs (Costs to transport from the manufacturer to the local country for foreign-sourced product.)

 Freight costs are typically 15—30 percent, depending on weight, dimensions, delivery time and value. Anixter can substantially reduce these costs by using its experience and preferred rates with global freight carriers and ability to consolidate shipments. +\$30

- Insurance Coverage for transit from sourcing point to delivery in-country, which can range from 0.1—2 percent of the value of goods. Anixter can use its global insurance policies to effectively manage this cost. +\$2
- Customs In most countries, there are customs clearance costs for imported product that can range from 0.5—5 percent (often partially fixed per shipment). Through effective consolidation, identification and importation volume, Anixter can reduce these costs when importing the product. +\$5
- Local Import Documentation
 and Certification Many countries require
 special documentation written in the local language
 to import products for local compliance purposes
 or to receive preferential duty rates. If not provided,
 either the product cannot be imported at all, or it can
 be imported at an extra cost of 5—30 percent. Anixter
 can secure these documents from the local authorities
 or from the suppliers to make sure the goods can clear
 quickly and at a minimum cost. Procuring materials
 that have not been properly imported can lead to
 legal penalties. +\$30
- Local Transportation After goods
 are imported (or if they are procured from
 a local source), local transportation must
 be arranged from the port of entry or the
 local supplier to the customer's site. This can
 range from 0.5—5 percent. Anixter can arrange
 for this transportation with preferred local
 carriers to keep the costs contained. +\$5
- Local Billing and Sales

 Transaction Taxes Anixter can provide local invoicing (including all local documents), which must travel with the goods. In some countries, additional sales or transaction taxes must be paid when buying or selling locally.

 These can range from 1—10 percent or more.

 Anixter can pay and minimize these taxes by reducing the number of transactions. +\$10

- Currency This cost includes converting from one currency to another or managing the foreign currency risk associated with payments in one currency and collections/inflows in another. Anixter can reduce or eliminate these costs and can bill in either local currency or US\$ (depending on local foreign currency regulations), which the customer can pay in the same currency as its cash inflows. This will eliminate FX conversion costs (0.2—2 percent) and potential foreign currency exchange losses, which can be up to 25 percent or more in some cases. +\$27
- Cash Flow Management Anixter can provide an overall landed cost by paying many of the upfront importation, clearance and transportation costs. Anixter then will invoice the customer only when the product is delivered. This provides important cash flow advantages, allowing the customer to better match its inflow of cash (from local or foreign borrowings or customer collections) with its outflow to Anixter. This can minimize finance costs in countries with interest rates as high as 2 percent per month.
- Managing Multiple Suppliers These costs can include the extra needed resources to maintain countless relationships in different regions of the world, the inefficiencies of generating multiple processes on how to conduct business with each supplier and the associated transactional and operational costs (estimated at \$100 per purchase order). Using multiple suppliers also prohibits the ability to leverage global spend. +\$10

Potential total cost of materials could be as much as...

\$280



Resource Challenges, Logistical Risks and Value-Added Services

- Import Coordination for Clearance Anixter can allocate the resources to make sure all freight, airway, customs clearance and commercial invoice documents are presented to the customs officials to clear the goods. If inaccurate documents are presented, lengthy delays and penalties can result.
- Deployment and Project Management Anixter can
 provide many of the same deployment services in most
 local markets as it does in the U.S., such as whole-order
 delivery, kitting, labeling, serial number tracking, etc.
 Anixter is also able to manage consignment inventory
 depending on local regulations. Because of the
 complexities and costs of international deployment,
 some customers ask Anixter to provide well-defined
 project management services on site.
- Procurement and Consolidation There are many challenges in selecting both U.S. and foreign country suppliers and coordinating the scheduled deliveries to a central consolidation point for importation to the local country. Anixter's global sourcing organization can manage the quote process, consolidate the deliveries for foreign-sourced products and make sure the products are purchased at low cost and high quality no matter where the supplier is located. Anixter can pay the various suppliers and consolidate invoicing, in accordance with all government requirements.
- Lead Times Managing varying suppliers' lead
 times is taxing on resources and difficult to manage.
 Anixter can schedule, anticipate and coordinate various
 product delivery schedules from U.S. suppliers, local
 suppliers and other foreign suppliers (if required)
 simultaneously. This can avoid costly project delays
 and penalties.

- Changes, Adds, Expedites, Shortages Nearly every project has changes on the job site. These adds and changes can be critical and add substantial costs and delays when procuring from overseas suppliers and installing in foreign countries. Anixter has product in its in-country warehouses and can make its worldwide inventory of 450,000 part numbers available to its customers when needed. Anixter can expedite delivery from overseas sources and/or find quality local sources when needed.
- Consumables and Supplies Anixter stocks consumable products and miscellaneous supplies used by the installers on the job site. Anixter can offer its customers one-stop shopping on virtually every component they need for an installation.
- Service Failures, Returns (Reverse Logistics and Warranties) Effective management of this is critical in overseas projects, particularly when sourcing outside of the local country. Anixter manages the return and warranty process, so product failures and warranty products can be returned to Anixter in the 52 countries it is located. Anixter will manage the paperwork, transportation back to the repair center (inside of country or as an exportation back to country of origin) and provide advance replacement in critical situations. This is extremely valuable for customers who have ongoing investments and growth of their sites globally.

Maintaining Standards

Helping Maintain Corporate Standards
 at all Facilities — Through its Global Program,
 Anixter offers a centralized approach through its
 Global Sales Team that supports customers locally,
 offering the same high level of service consistently
 across each region of the world. Anixter often helps its
 customers educate their employees in international
 facilities to stay within their corporate guidelines and
 technical specifications.

- Installation and Selection of Installers Selection of the right, certified local installer with the ability to warrant its installation is critical in the success of any overseas project. Anixter partners with qualified, certified and experienced local installers in all the countries it operates. Anixter can also recommend these installers for any of its customers' projects.
- Conformance with Local Standards Local building codes and electrical standards vary widely worldwide.
 Anixter and its partner installers know the local country, state and city standards. This can eliminate substantial rework during inspection, as well as avoid delays and penalties.

Sales Support

- Communication Deploying overseas often means overcoming language barriers and understanding local business customs. Anixter has employees in-country, speaking in the local language, who know local business issues. Anixter's in-country reps can coordinate with customers and local installers. Anixter avoids time zone challenges and conducts business with its customers face-to-face, providing the same level and breadth of service in each region as it does here in the U.S.
- Systems and Visibility Central visibility of available inventory, product prep and deployment and delivery details are essential to any project's success, especially internationally. Anixter can provide access to its global eAnixter tool, which allows customers' procurement organizations anywhere in the world to view where product is at any time, how much has been procured and how much has been used.

You can count on Anixter's products, technical expertise, global distribution network and Supply Chain Solutions. We'll get you the products you need, when and how you need them.

Global Locations

NORTH AMERICA - USA

Worldwide HQ Glenview, IL 224.521.8000

CANADA HQ

Toronto, Ontario 905.568.8999

LATIN AMERICA HQ

Glenview, IL 224.521.8000

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