

Supply Chain – Process Review

September 24, 2024

Accelerating business capabilities & speed to value

Minimizing risk – Reducing cost – Building efficiency

Please review that data in this document – we will continue to focus on alignment in each area but we want to be transparent in every part of the discussion related to this complex topic.

Brian Hoover – Client Executive Max Blake – Systems Engineer

https://www.wwt.com/video/culture-of-innovation



SCOPING - we will cover gaps in 10/1 & 10/4 Sessions

Global Country List

- Confirm list of FedEx countries if possible, include current FedEx end-location address
- Map countries to appropriate WWT integration center
- Evaluate cross border requirements for each mapping

FedEx Global Network Inventory

- Inventory data by location
- Device data serial #, model type, original purchase date, EoL/EoS date, manufacturing origin country, export country, current country location, estimated value

Teams to engage:

- Shipping logistics
- Trade Compliance
- Global Tax
- Global Accounting/Finance
- Global local SMEs EMEA, APAC, LATAM, etc.

TARIFF IMPLICATIONS - Need2Know Data

Returns to WWT North America (NAIC) and Europe (EIC) integration centers

- Duties/Tariffs/VAT are not applicable as long as the goods originally exported from EU or US: 1) are being returned within 3 years of initial export, and 2) value of product hasn't increased.
- For RevLog, there must be a clear connection to the original export.
- All information, including the declarations from the current product country Exporter of Record (EoR) and Netherlands Importer of Record (IoR), or US IoR, would need to be gathered to initiate the return.

Returns to AIC-S

- Duties and Taxes would need to be paid at time of import
- Customer may make a claim of refund to customs if they can prove:
 - They were EoR when the goods were originally exported
 - The items were short-shipped or defective with support documents (refund / seller's CR note, AWB, CI, etc.)

Base Taxes (estimates, but further validation needed)

- UK 20%
- EIC 21%
- AIC India 40+%
- AIC Singapore 9%
- US based on Harmonized Tariff Schedule (HTS) and Export Classification Control Number (ECCN) association, further validation needed

ADDITIONAL COST CONSIDERATIONS - NEED2KNOW DATA

Collection and Transportation

- Re-packaging equipment will require appropriate packaging to maintain viability for re-use
- Shipping schedule, pick-up and return from field location to appropriate WWT integration center

Cross Border Processing

- Additional steps for customs clearance, international regulatory compliance, and logistics coordination
- Exporter of Record (EoR) \$500 base fee, plus 10% of value of product estimated
- Importer of Record (IoR) \$500 base fee, plus 10% of value of product estimated

Documentation and Reporting

- Coordination of finance, tax and logistics teams needed for international regulatory compliance
- Intra EU Community Supply FedEx will have to self-report movement of goods, but tariffs will not apply when equipment is moved within EU boundaries

Forward Logistics of FedEx-owned equipment – details TBD

Insurance for FedEx-owned equipment – details TBD

GLOBAL SUPPLY CHAIN PROCESS - FEDEX (Current State)

Process Flow – Current State - EU

Forward Logistics

Reverse Logistics

Project Identification

LCM is based on product lifecycle dates, where funding is typically approved for products that are end of life

 Other projects that require funding: Closures, New sites

Equipment Purchasing

- Projects will first review inventory reports in ePDSM to request devices be sent from storage at another site
- Cisco team will provide a hardware quote for approved network devices required
- Cisco will share the quote with a Gold Partner (BT, Verizon, CDW)
- FedEx will purchase from chosen vendor

Delivery

- Supplier will send the hardware directly to the project site unless otherwise requested by the engineer
- New sites may require shipping to a centralized point until the facility is ready

Install

- Devices are typically configured on site and installed
- Exception would be a new site that does not have WAN connectivity
- Engineers install equipment on site or with the help of local techs via phone support

Decommission

- LCM will
 decommission
 hardware that is
 end of life
- End of life hardware will be stored on site for disposal
- Closures will decommission both end of life and redeployable equipment

Return to Stock

- Re-deployable equipment will be sent to a centralized location within the same country when possible
- Devices held in storage are added to ePDSM for use across EU

Disposal

- Sites will keep stock for disposal in storage until a size/space limitation is reached
- A third-party will be contracted to pick up the devices (not just hardware, PCs, phones, etc. as well)
- Companies used:
 DXC for Data
 Centers, various
 companies for
 the field, and
 legal is reviewing
 a contract with
 Iron Mountain to
 handle all

GLOBAL REVLOG PROCESS - Return to WWT

Step	Process	Owner
1	Un-install device at customer location	FedEx
	Determine appropriate disposition: 1) return to	
2	WWT, 2) inventory or dispose/recycle locally	FedEx
	Initiate return - notify WWT of inbound equipment	
3	using Customer Inventory Form	FedEx
4	Properly package to prevent damage	FedEx
	Capture shipping documentation - packing list, device	
5	type/usage, estimated value, certificate of origin, etc.	FedEx
	Validate trade compliance - confirm adherence to	
6	individual country and international regulations	FedEx
	Coordinate return shipment - schedule shipment,	
7	request/apply return label	FedEx
	Shipment tracking - FedEx to share package tracking	
8	number with WWT for visibility	FedEx
	Exporter of record (EoR) - export licensing, export	
9	declarations, estimated device valuation, etc.	FedEx
	Importer of record (IoR) - import licensing, import	
10	declarations, estimate device valuation, etc.	FedEx

Step	Process	Owner
	Duties and taxes - GST, VAT, tariffs, etc. assessed	
11	prior to release of goods	FedEx
12	Inspection verification - completed by customs prior to release of goods	FedEx
13	Release of shipment - customs process completed, goods available for continued shipment	FedEx
14	Shipping delivery to WWT	FedEx
15	Internal finance, accounting, tax updates as needed	FedEx
16	Receive equipment at WWT	WWT
17	Triage equipment: 1) return to stock, 2) disposal	WWT
18	Evaluate and properly re-pack as needed	WWT
19	Return to stock, update date inventory and tracking	WWT
		FedEx
20	coordinate with 3rd party ITAD partner	/ WWT

GLOBAL REVLOG PROCESS - Call out to FedEx

Step	Process	Owner
	Device call out - FedEx to issue request to WWT.	
	FedEx used equipment to be used as FIFO, or as	
21	directed by FedEx.	FedEx
	Green light testing - Upon call out, basic testing	
	performed; this is not full technical validation of	
22	device functionality.	WWT
	Capture shipping documentation - packing list,	
	device type/usage, estimated value, certificate of	WWT/
23	origin, etc.	FedEx
	Validate trade compliance - confirm adherence to	
24	individual country and international regulations	FedEx
	Coordinate return shipment - schedule shipment,	WWT/
25	request/apply return label	FedEx
	Shipment tracking - FedEx to share package tracking	
26	number with WWT for visibility	FedEx

Step	Process	Owner
	Exporter of record (EoR) - export licensing, export	
27	declarations, estimated device valuation, etc.	FedEx
	Importer of record (IoR) - import licensing, import	
28	declarations, estimate device valuation, etc.	FedEx
	Duties and taxes - GST, VAT, tariffs, etc. assessed	
29	prior to release of goods	FedEx
	Inspection verification - completed by customs prior	
30	to release of goods	FedEx
	Release of shipment - customs process completed,	
31	goods available for continued shipment	FedEx
32	Shipping delivery to FedEx target location	FedEx
33	Internal finance, accounting, tax updates as needed	FedEx
34	Receive equipment at FedEx target location	FedEx