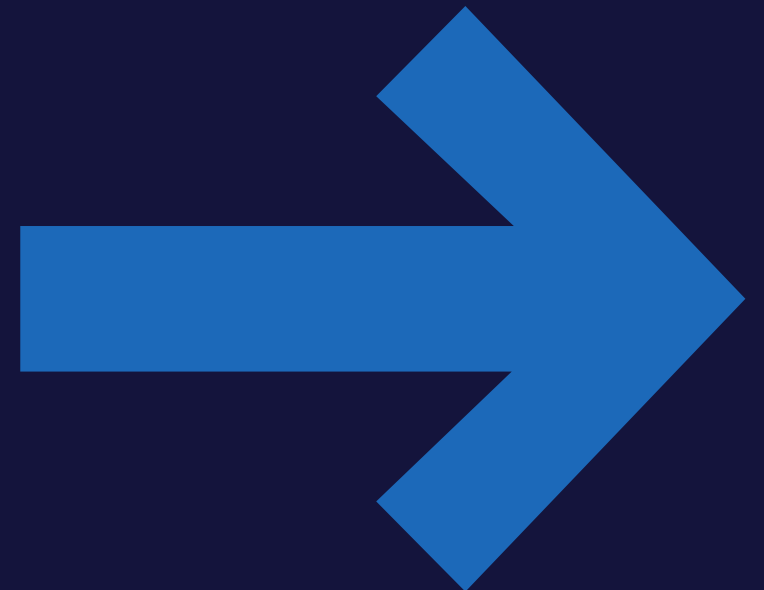


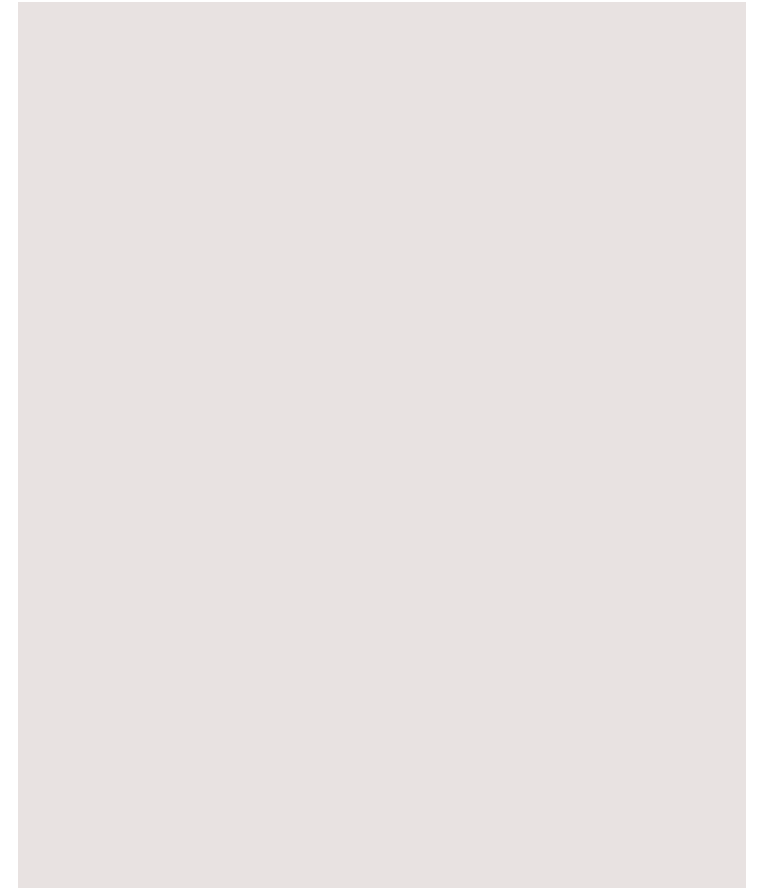
# Presentation for marked dialogue

3rd of July 2019



# Agenda

- Introduction
- Further action
- Control, enforcement and reporting, ICS2
- Business and process perspective
- Target architecture, flexibility, scalability and integrations
- MASP and release overview and dependencies



# Introduction

## Purpose of this marked dialogue

- We wish to present our newly discovered complexity on our upcoming implementation of a new control and enforcement system.
- We will in this meeting only focus on the new control and enforcement system.
- We are currently in process of being budgeted, and would therefore like to know the realistic prices on control and enforcement system.
- This meeting will be conducted according to the procurement rules, and therefore a short summary will be published together with this slideshow on our website,

# Futher actions

- After this session, we will send you some of the questions which we send you in our former dialog. We would like you to answer these before the first of august.
- In the fall, we need to get a risk assessment by Statens It-råd, and thereafter get an acceptance by Folketinget's Finance Committee (FiU), before we can go to tender
- We expect to go to tender late fall.

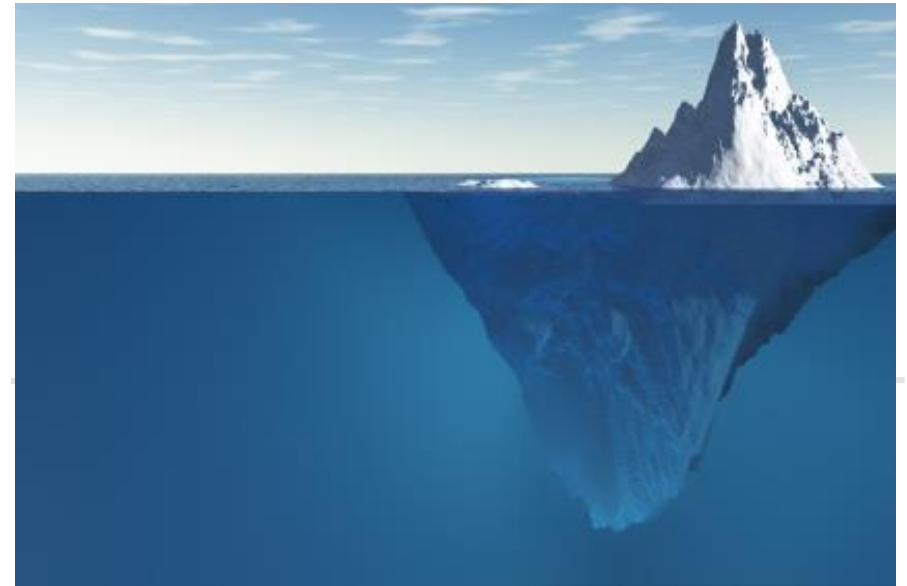
# Control, enforcement and reporting, ICS2



# ICS2 – and how it affect RIS

## Points

- 1 The legal basis
- 2 ICS2 scope
- 3 Simplified process overview
- 4 Conclusion



# Overview over ICS2 documentation

## The legal basis

UCC article 6. 1: All exchanges of information, such as declarations, applications or decisions, between customs authorities and between economic operators and customs authorities, and the storage of such information, as required under the customs legislation, shall be made using electronic data-processing techniques

UCC article 280 commits the commission to establish a work program for systems, that have to be adjusted og developed. The work program contains an appendix with a list over systems that have to adjusted or developed. In this appendix, the upgrade from ICS (Import control system) to ICS2 appears. The current work program is from April 2016. The work program will regularly be updated. Currently, negotiations on the 5<sup>th</sup> version of the work program is on.

Other relevant articles in the UCC:

Article 16

Article 46

Article 127-132 (ENS)

## Comments

- ICS2 is a EU project. EU have in its documentation clearly defined demands to the national system (RIS). RIS perform risk analysis and integrate to EU systems.
- ICS2 increase the numbers of ENS'er from 1 to 25.

# ICS2 scope



## ICS2 release 1 (Q1 2021):

ENS-data on post consignment and express freight  
Pre-load risk analysis and e-Screening (based on 7+1)  
A do-not-load message  
Presentation message  
Reporting of control results to EU  
Release 1 is a supplement to the existing national ICS-system.



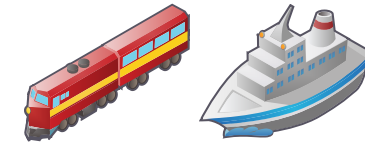
## ICS2 Release 2 (Q1 2023):

ENS on all flight shipments  
Full risk analysis and -Screening (full ENS-data)  
Arrival notification  
Full ICS2 functionality



## ICS2 Release 3 (Q1 2024):

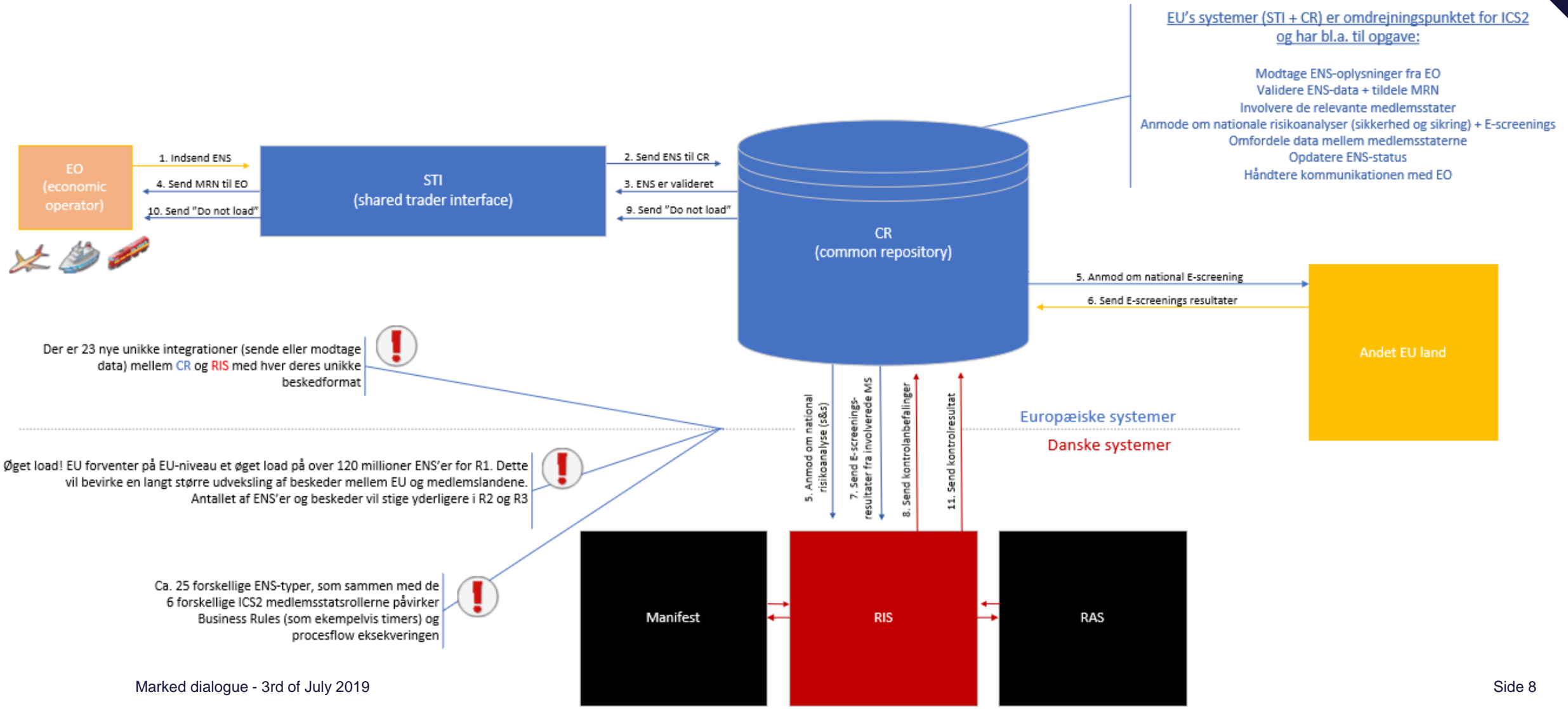
- ENS on all transport modes





# ICS2 processes

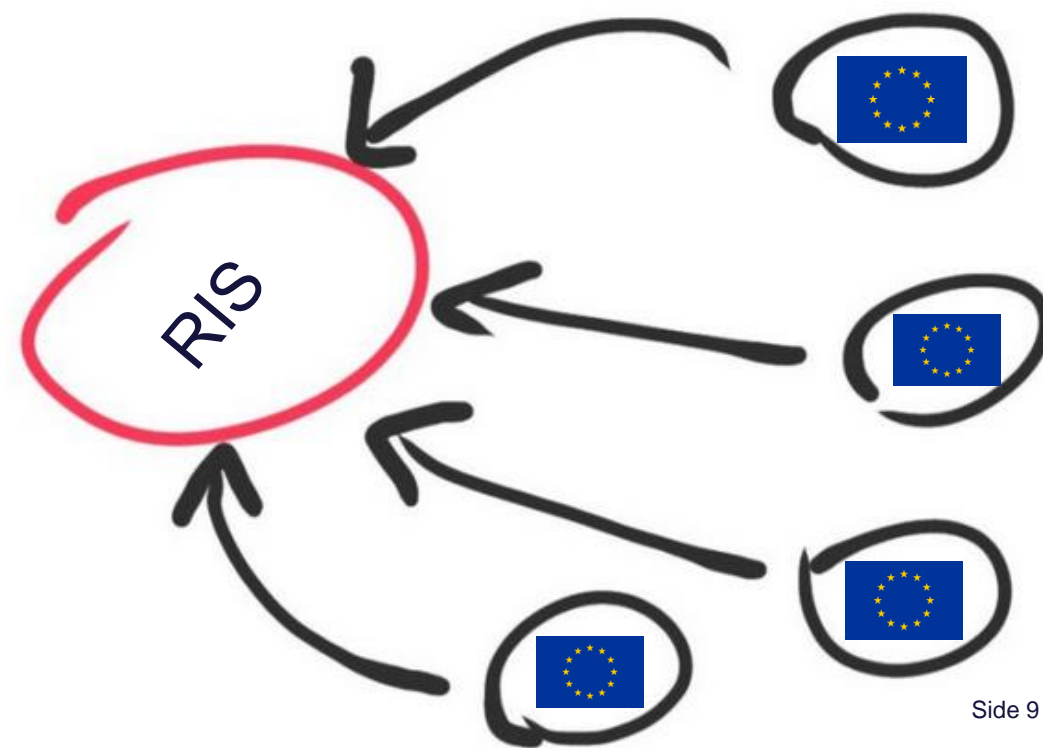
## Simplified description of RIS ICS2-processes



# RIS is affected by more complexity, which especially is driven by ICS2

## ICS2 affect RIS in many ways:

- Increased load
  - More messages
  - More users who interact in the business processes in RIS
- New datamodels, new declaration types and new roles of member states affecting the Business Rules and national Business processes implemented in RIS.
  - ICS2 business functions have to be implemented nationally and co-exist with the national risk and control functions
- New integrations to EU- and national systems
- ICS2 → moving target



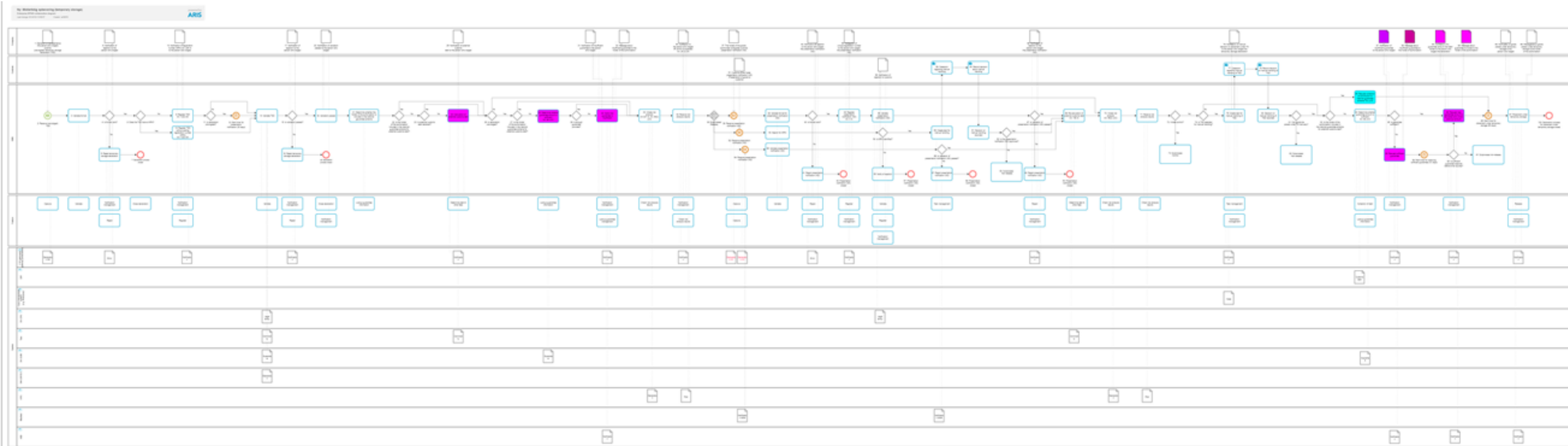
# Business and process perspective

Market dialogue, July 2019





# Valuestreams convert into complex processes with subprocesses



# Business processes

All value streams are closely linked and each is depending on the value created in the previous stream.

Each value stream is required to be able to handle a very complex and wide sample field and decision trees depending on a matrix involving:

- Type of goods
- Type of vehicle/transportation
- Type of declarant
- Rights of economic operator vs. authoritative responsibility
- Legal or illegal context
- Type of control
- Other authorities' involvement

The solution must take into account, that deadlines are critical in order to deliver UCC compliance, and as such the solution must be able to handle complex timers and automatic escalation and action based on these deadlines (ie. ICS2)

Legal compliance beyond UCC:

Every process step is potentially either an event, activity or decision that carries legal effect, and as such it has to support both Danish and EU legislation beyond UCC.

- Arkivlovens regler
- Arkivbekendtgørelsen
- Toldloven
- Cirkulære om anmeldelse og godkendelse af it-systemer
- (UCC administration law)
- ISO27001 – IT security

Hence, the business processes require a strong and flexible rules engine to support the vast amount of business rules (not risk), in order to handle the sample field of each step and every decision or event carrying legal effect

# Business processes

The solution must support, that any case can be backtracked and presented to its full extent with regards to any message, decision or event that might have had any legal effect, in relation to presenting the case in court, handling a complaint, etc.

- Every event, action, message etc. must be journalized, timestamped or similar in order to be able to present a coherent and complete case

The solution must provide efficient support for Customs officers allowing them to gather evidence on each specific case, in order to reach the right decision every time. Hence the controlled sample field of any given process step should be able to be expanded depending on the Customs Officers decisions.

- This is both the case for risk assesment and control activities

The solution must be able to integrate in a flexible manner to a large number of systems, from initiation to finalizing of a process.

The business processes will both be constructed or handled as a logical sequence as well as with a case handling logic, in order to support the complexity and variety of tasks, decisions and use of data throughout the solution.

Lastly the solution has to secure the capture of data regarding the outcome of every case, every decision made and every event taking place in order to secure the data to report to EU and other stakeholders, as well as continuously optimize the performance of the risk assesment and control.

In order to make sure that the cars make it through to the freeway, we need to make sure that each row contains cars of a specific make, model, colour or year of production. We then need to make sure that the engine is of a certain number of valves, cylinders, ccm's, or even electric. Then we have to make sure the right number of passengers are in the car, and that they are in fact who they say they are. And when we choose to perform a control we need to make sure they don't have certain rights og requirements (blind, old, permissions, faith etc.) – and we have to able to expand the control to cover all aspects...

Then combine it with interaction between stakeholders within Denmark and the EU that is not always linear or sequential, but requires the possibility to return to the initial event and restart, in order to find the correct exit for the whole process, while securing the correct duties and fees as well as securing the borders.

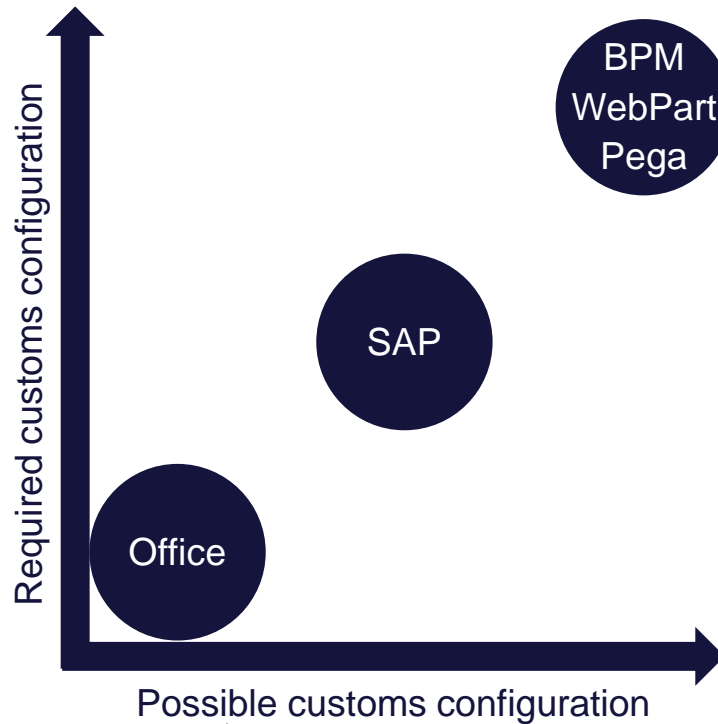




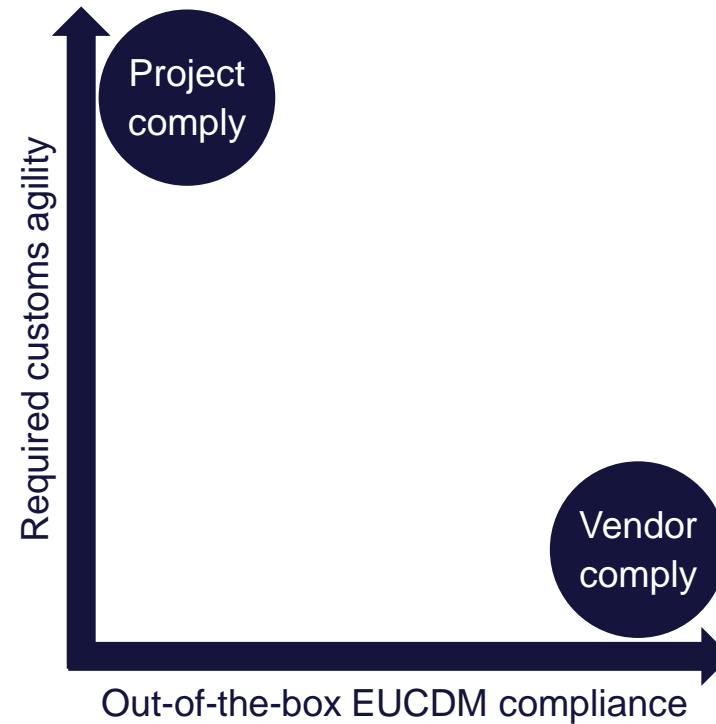
# Bespoken vs. Standard systems defines the project type

... and the cost drivers in the implementation project...

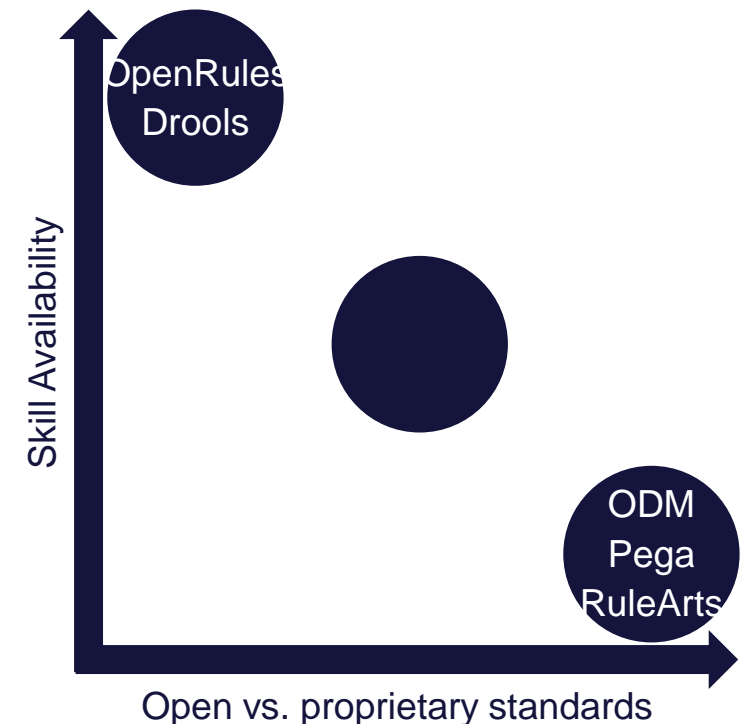
- Level of standardization



- Level of EU/CDM/ICS/CR compliance



- Open (source) products/partners



- Configuration/development versus change management, i.e. who adapts most; organization or system
- The need for continuous test and development to meet continuous change lies with the vendor or customer.
- The soft or hard technical skill to implement the system; Java, REST, SQL SOA or training/business.
- The availability of the required specialist resources, are they tied to the vendors brand or are they open.

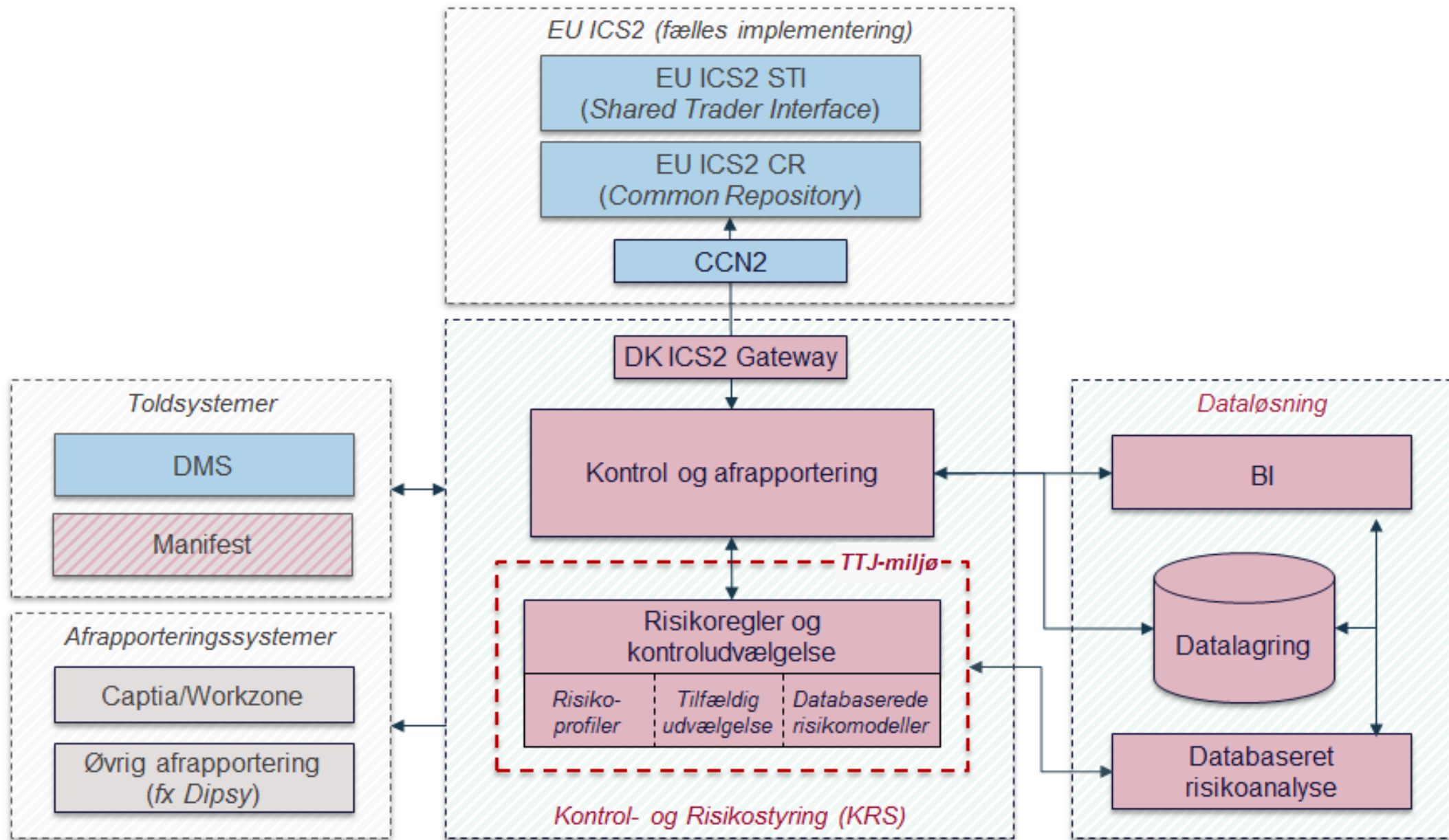
# Key take aways

## RIS requirements from a business and proces perspective

RIS requirement	Consequences if not delivered
RIS has to be able to process and provide functionality to enable Customs Officers to perform effective and efficient risk assesment and controls on all types of declarations and types of goods, transports and economic operators	If not all types of declarations can be processed with regards to assesment of risk and control, either the movement of goods will be greatly hindered or the security with regards to health and safety is jeopardized.
RIS has to support 4 different basic workflows not including case management, financial services and other administration services	If not all 4 workflows are tied together in an effective and stable workflow, the process as a whole will fall apart, as every step provides value for the next.
RIS is a heavy rules based solution in order to handle a complex workflow with a wide sample space	If the rules engine cannot handle the large number of business rules and possible outcomes, the workflow will be amputated and even not compliant with UCC.
RIS is not operating in validation of data – but analysis and investigation into risk identification and securing of evidence. All relevant data MUST be used and the data used is both deeper and wider than in DMS.	If RIS does not support the ability to identify the risks (both in customs and security) and the securing of correct evidence, it becomes redundant.
RIS operates under strictly regulated and very comprehensive requirements of documentation of the effectiveness and efficiency of the processes	Failing to document and report on the performance and outcome of customs activities according to UCC requirements will be considered non-compliant.
RIS operates within a spectrum of lawful compliance combining EU law (UCC, GDPR etc.) with national legislation (Public insight in the administration, case tracking, enforcement etc.)	COTS product alone is not an option – customization is a requirement for a fully functional and compliant solution in any case.
RIS has to support effective, efficient and lawfully compliant control of variable means of transport – considering rights, saftey, regulations, permissions, certifications, authorities etc.	Failing to abide by EU and national legislation and rules will potentially mean a considerable increase in processing and rise in costs for economic operators, and ultimately in violation of rights of individuals transporting goods etc.
RIS has to support processes operating within a context af both legal and illegal surveillance and control; fiscal, safety & security and supervision	If RIS cannot support the workflow and data involved in any task to be performed by customs officers, the analysis and control will not be effective nor smooth – impacting on the economic operators with increased time for processing and thus hindering the movement of goods.
RIS involves a large number of actors – both internal and external, private and public, that needs to be coordinated depending on the proces and the given outcome of every decision or ruling – many crucial points in every process	If effective coordination between different actors in a wide sample space environment cannot be supported, then an increase in costs for economic operators will follow.
Time perspective is critical – every process has to be executed as fast and frictionless as possible in order to secure fast and smooth movement of goods	Any delay has a huge impact of economic operators' supply chain. Any violation of or failure to support timeframes will mean a drop in effectiveness of RIS or increase cost of movement of goods.

# Target architecture, flexibility, scalability and integrations





# MASP and release overview and dependencies



# Planning Overview projects UCC WP

N National systems

