



SIMPLIFYING LOGISTICS PAYMENT

PRODUCT DISCLOSURE SHEET

e-Assure

A Digital Service for
Logistics Payment Assurance
to Improve Response Time



Let's learn more about e-Assure

1.0 BACKGROUND

Our story begins with a golden opportunity given to D&D Control (M) Sdn Bhd by the logistics stakeholders to be a component of an industry solution for the container deposit impasse between Shipping Lines and Consignees/Agents in Malaysia. It is a recognition we pride in gaining stakeholder's trust, confidence and establishing a neutral party role in the industry. Hence, we are committed to continuously innovate Container Ledger Account (CLA) with our established credibility and it has been a phenomenal run since its inception on 1st June 2019.

CLA is a patented alternative and an award-winning fintech solution, which has also been blessed with a strong joint-support and endorsements received from the reputable Ministry of Transport, 7 Port Authorities and 21 Trade Association & Chamber in Malaysia. In 2023, CLA celebrates its 4th anniversary with a remarkable achievement whereby 2,100 CLA Subscribers (companies) have been exempted from container deposit for 5.3 million containers at 56 Shipping Lines/NVOCCs nationwide.

2.0 PROBLEM STATEMENT

CLA is paving its way to actively build rapport and strengthen the structural bond with the logistics stakeholders including but not limited to the Port Authorities, Shipping Lines, Shipping Agents, NVOCCs, Shippers, Consignees, Forwarding Agents, Freight Forwarders, Hauliers and Depot Operators. We have had more than 500 series of physical & virtual engagements to drive our improvement by gaining in-depth insights on the hurdles they experience in daily business operation which can result in slower response time.

The highlight challenges are (2.1) many services are still running manual and oriented with paper-based documentation, leading to time-consuming, error-prone and increased administrative efforts. Besides, (2.2) limited supply chain visibility between multiple stakeholders and lack of real-time visibility, making it challenging to respond quickly to any operational disruption. Further, (2.3) standardization of industry best practices with Terms of Reference (TOR) is diminished by the delinquent players which can hinder the business efficiency.

3.0 VIABLE SOLUTION

We embarked on CLA journey with an eye to the future, knowing that we shall consistently develop services with significant values to the logistics stakeholders in Malaysia. As we constantly seek constructive feedback from our distinguished stakeholders, we learn to spot the industry gaps [refer Table 1]. The best way forward is embracing and promoting digitalization within logistics stakeholders that reflects the dynamic changing needs of the industry for a more streamlined online process through CLA Portal ("www.clap.my").

Since 15th February 2021, CLA Portal has been delivering industry best practices on a digital ecosystem catering to the landscape of container logistics in Malaysia. With more than 3,800 active companies & 7,700 users on CLA Portal, it empowers them especially small & medium-sized enterprises (SMEs) to adopt digital transformation and to level the playing field with an exceptional customer experience and ensuring a total service excellence.

In pursuit to address 3 main challenges and to bridge the industry gaps [refer Table 1], we introduce our viable solution namely e-Assure, a digital service made available on CLA Portal which aims to amplify transparency and simplify the entire life cycle of logistics payment assurance. In this context, the ultimate objective of e-Assure is to improve response time by leveraging digitalization and heightening levels of conveniences to the stakeholders through seamless transactions in their daily operational needs.

4.0 GAPS & SOLUTIONS

The Table 1 below are the tabulated gaps which have been addressed through our e-Assure solution with a user-friendly interface made available through CLA Portal.

No.	Gaps	e-Assure Solution
1	Variety of practices in the logistics industry with regard to operational procedures for the container incidental charges, leading to disruption of business efficiency.	Promotes standardization by streamlining processes & strengthening industry best practices through the integration of Terms of Reference (TOR). Hence, enable to produce predictable business outcomes.
2	Freight Forwarders may require container security payment from their Consignees for the House Bill of Lading (BL) to facilitate document approval.	Provides payment assurance to Freight Forwarders in lieu of their exemption of security payment.
3	Shipping Lines require timely payment for container incidental charges upon returning empty container to the designated depot.	Educates customers to make timely payment within the agreed credit terms and/or timeframe stated in Terms of Reference (TOR). Alternatively, request for temporary waiver to continue transacting with CLA.
4	Third party have misused CLA Subscribers' company name resulting in overdue invoice.	Mitigates and manages the risk exposure systematically, on the grounds that the payment assurance is triggered by Bill of Lading (BL) instead of by company's name.

No.	Gaps	e-Assure Solution
5	The rightful and authorized billing party may not timely receive invoices for any charges incurred, leading to delay in payment.	Enhances visibility for subscribers on real-time information pertaining to their shipments, invoices and historical transactions.
6	Pass through payment involving multi-party for the same invoice resulting in administrative cost and payment friction.	Automates the hassle with e-invoicing through CLA Portal which allows for the assignment of invoices to the ultimate billing party (more than 150,000 customer base). Subsequently, the ultimate billing party and/or nominated third party is able to make payment directly for the related invoices.
7	Problematic customer profiling is not available for the cases of long stay container and high-risk cargo/container.	Leverages historical data and payment pattern to build risk profiling of the customers. This will serve as an analytic tool to make informed decision with regards to the potential risk exposure.
8	Dealing with first-time customer with no prior track record is subject to high business risk.	Triggers an alert/notification which may be subjected to additional security payment, in order to mitigate the bigger risk-associated with the new customers.
9	Prolong deposit refund process by Payee due to lengthy administrative processes with the compilation of various supporting documents.	Simplifies the life cycle of container deposit processes in order to protect & securely refund to the customers upon confirmation from Shipping Lines. Moreover, eliminate documentation and provide visibility to track status of the request and refunded amount will be reflected in their dashboard.
10	Limited data sharing between multiple stakeholders increases gaps in digital transformation.	Encourages subscribers to make request directly on CLA Portal by providing relevant information pertaining to their shipments for real-time approval by Shipping Lines. As the status of approval is visible on the portal, email exchange or calls between stakeholders will be eliminated.

No.	Gaps	e-Assure Solution
11	Traditional and manual business processing through emails/calls is no longer effective and practical.	Intensifies on the online self-service via CLA Portal to eliminate manual processing with continuous support system, multi-payment method and 24/7 accessibility which will produce effective communications in day-to-day business interaction.
12	Disputes takes a lengthy time to be resolved due to the manual and tedious tracking processes.	The entire cycle of disputes (e.g. additional free days, discount, damage photo, error in data processing etc.) will be digitally managed within CLA Portal.
13	Potential risk associated with the containers whilst in the customer's custody and/or control such as damage, total loss or missing.	An optional online service to purchase coverage for claim cost related to the container repair charges and/or total loss. This will safeguard their revenue against the container risk exposure.

5.0 STAKEHOLDER BENEFITS

In the pursuit of progress towards our stakeholder empowerment and the development of e-Assure solution, it is imperative not to lose sight on the importance of stakeholder benefits. Considering their needs and positive impact, e-Assure should remain at the forefront of decision-making. Plus, balancing the drive for enhancement with a commitment to stakeholder benefits ensure that progress is sustainable while fostering trust, harmony and a mutually beneficial relationship between innovation and those it serves.

The synergy between addressing gaps, devising solution and safeguarding stakeholder benefit forms the bedrock of responsible and effective progress. On that account, our stakeholders stand to gain a multitude of benefits through e-Assure service:

- (a) **Efficiency:** Digital transactions expedite the shipment related processes, reducing the time and effort required for manual processing. This speed can be crucial in the import trade flows where delays can be costly.
- (b) **Security:** Recognizing the importance of protecting stakeholders' information and preserving its confidentiality, integrity & availability is essential. The CLA Portal continually aims to improve the Information Security Management System (ISMS) in accordance with ISO/IEC 27001:2022 to control information security, cyber security and privacy protection.

- (c) Accessibility: Stakeholders can access transactions online from anywhere with an internet connection, eliminating the need for physical document transfer. This accessibility enhances convenience and facilitates remote working.
- (d) Cost Savings: Online transactions reduce costs associated with printing, courier, and storage of physical documents. It also minimizes the risk of document loss or damage during transit.
- (e) Accuracy: Digital transactions reduce the chances of human errors often associated with manual paperwork. Automated systems can validate data, ensuring that they are correctly processed.
- (f) Visibility: Online system maintain detailed records of transactions, providing a transparent history of container movements and changes.
- (g) Sustainability: Moving away from paper-based transaction reduces the environmental impact associated with the production and disposal of paper documents.
- (h) Globalization: Online transactions facilitate international trade by allowing stakeholders from different parts of the world to interact seamlessly, reducing geographical barriers.

6.0 OUTCOMES-FOCUSED

While framing the e-Assure service, it is our firm and continuing commitment to staying focused in improving connectivity (increase number of Payee & Payor), quality (data privacy & information security) and productivity (faster transaction, anytime & anywhere) of our service offerings to delight our stakeholders. In essence, we have envisaged a vital role to exceed the service levels expected by the stakeholders and continually contribute to them by giving back some of what is given to us.

On top of that, it is our aspiration to enhance the trust of our stakeholders by significantly enhancing business visibility and amplifying transparency within the domestic logistics industry players. Evidently, it will be fundamentally accomplished through our distinctive e-Assure service which is at the core of our CLA Portal.

7.0 CONCLUSION

Equipped with in-depth industry knowledge and deep expertise, we are able to cater for and tailor fit elements required by stakeholders as a neutral & independent party through e-Assure to address different segments of container logistics' gaps. These elements lead to an exceptional quality of service which is above all, fair & friendly. In light of this, our e-Assure service operates on a voluntary basis with a pay-per-use model and is complemented by a published tariff of RM10 per container, effective from 1st September 2023. This tariff ensures a sustainable business model while upholding a simple and affordable approach for our esteemed stakeholders.

We center everything we do around our Fintech framework with a primary objective to utilize available technology in order to simplify the delivery of financial services and enhance customer experience while streamlining procedures, saving time and developing cost-effective alternatives.

“Striving to be the preferred financial service provider for the betterment of logistics supply chain in Malaysia”.

Abbreviation:

- Payee: Shipping Lines, Shipping Agents, NVOCCs and Freight Forwarders.
- Payor: Consignees, Freight Forwarders, Forwarding Agents and Shippers.

For further information and suggestion:

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