

UNECE
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White Paper
**Integrated Services for MSMEs in
International Trade (ISMIT):
Opening the Global Economy to MSMEs**

Version 1

Note

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Summary

Access to international markets can be a difficult process, especially for Micro, Small and Medium Sized Enterprises (MSMEs) who may not have the staff or budget to research and comply with all of the regulatory and procedural requirements. e-Commerce platforms have enabled the products of many MSMEs to reach new customers, but there is still a difficulty when approaching foreign markets – and indeed sometimes to even approach some national markets. eService platforms can help provide all of the services required in a single place, such as transport services, finance services, border-clearance services.

This paper goes through the different challenges that MSMEs can face in international trade. It then establishes the principles of platforms called “Integrated Services for MSMEs in International Trade (ISMIT)”, the benefits they can provide and their basic structure. It ends with some use cases of existing platforms which can be considered ISMITs.

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1. Small Companies can drive global trade if the right tools are available

In most economies, the Micro-, Small- and Medium-sized Enterprises (MSME) sector is the largest business sector with 95 percent of the business entities being MSMEs¹ and generating many employment opportunities. The definition of MSMEs varies across countries and organizations. The most commonly used factors in defining a MSME are the number of employees, followed by turnover and assets. One commonly used definition defines MSME as an enterprise employing up to 249 persons. In developing countries, the threshold will be lower, between 50 to 100 employees. In developed countries, 78 percent of exporters are MSMEs. However, these MSMEs only account for 34 percent of the exports, suggesting that there is a concentration of exports among a few large business enterprises. Most of the time, big conglomerates are more productive¹ as they benefit from economies of scale (e.g. cost per unit decreases with an increased production). Such concentration is more significant in developing countries where direct exports only account for 7.6 percent of the total sales of MSMEs.

One of the deterring factors is cost. Here, it is important to distinguish between per-unit costs and fixed trading costs. Per-unit costs include freight carrier costs, tariffs, and any costs that are subject to the amount of traded goods and distance. Fixed trading costs are costs which do not vary with export volume, such as costs for regulatory compliance, for building sales network, for brand advertising, for translation, etc. Fixed trading costs limit the ability of an enterprise to export its products. To reduce fixed trading costs, international standards and recommendations play a crucial role by providing guidelines to overcome these red-tape barriers.

The MSME sector is critical to the economic development of a country as it is:

- a) the main player in economic activities in various sectors;
- b) an important player in developing regional economic activities and social community development as well as providing job opportunities;
- c) often the creator of new market and contributor of innovations;
- d) important in maintaining trade balance; and
- e) important in achieving Sustainable Development Goals (SDGs), by promoting inclusive and sustainable economic growth, providing employment for all, promoting sustainable industrialization and fostering innovation, and reducing income inequalities.

In all, a robust MSME sector is essential for boosting economic growth and delivering more inclusive globalization. Their participation in international trade could lead to greater innovation through competition, increased competitiveness, productivity growth, and better

¹ World Trade Report 2016, WTO https://www.wto.org/english/res_e/booksp_e/world_trade_report16_e.pdf. Melitz, Marc J. "The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity." *Econometrica*. Vol. 71, No. 6 (November 2003): p. 1716. <https://www.jstor.org/stable/1555536>; Mayer, Thierry, and Gianmarco Ottaviano. "The Happy Few: The Internationalisation of European Firms. New facts based on firm-level evidence." *Bruegel Blueprint Series*, Vol. 3 (2007): p. 22. http://bruegel.org/wp-content/uploads/imported/publications/BP_Nov2008_The_happy_few.pdf ISBN: 978-9-078910-05-3

economic performance, which would benefit the whole economy. Thus, it is important to foster the MSME sector to adapt and to thrive in a more inclusive trading environment and to participate more actively in the digital transformation.

The economic importance of MSMEs is beyond question. Governments and international organizations around the world aim to support MSME development and their integration into global supply chains to raise productivity, stimulate employment and growth, and reduce poverty. Having said that, providing support to MSMEs for reaching international market is still a very challenging task, mainly due to lack of adequate tools and uptake of existing tools (for example, because the tool is unknown or unavailable in a local language, or it requires training to use the tool).

This situation is changing. The World Trade Organization (WTO) recognizes that technological progress, through the expansion of eCommerce² and the evolution of global value chains, is opening new trading opportunities for MSMEs. Governments and international organizations already consider eCommerce to be a major instrument for overcoming the trade barriers faced by MSMEs.

Boosting MSME potential for participating in and reaping the benefits of a globalized and digital economy depends to a great degree on a conducive framework. A framework for how eCommerce could be used as a tool to overcome MSME's barriers to international trade could help countries to develop such eCommerce services and guide private sector developers who are seeking to meet the needs of MSMEs in the trade sector. Moreover, despite the impressive track record of large companies in trade, evidence shows³ that medium-sized enterprises are becoming more and more important in international trade and have significantly contributed to exports in European countries, the most evident examples are in Germany. This means that companies do not have to be large, but rather they need to be large enough to overcome international trade barriers and undertake global operations. This further emphasizes the importance of a framework that would help MSMEs lower their trade barriers. Such a framework could also support trade agreements which contain eCommerce clauses or be used as a blueprint for the further development, or integration, of already established trade platforms such as Single Submission Portals⁴ and other trade community systems.

In this paper, an eCommerce framework - Integrated Services for MSMEs in International Trade (ISMIT) is proposed. This framework shall enable MSMEs to have greater access to existing trade facilitation measures as well as catering to their specific needs..

² Cross-border eCommerce is defined as online-initiation; cross-border transaction/ shipment; and destined to consumers (commercial and non-commercial).

³ ³ Navaretti, Giorgio Barba, Matteo Bugamelli, Fabiano Schivardi, Carlo Altomonte, Daniel Horgos, and Daniela Maggioni. "The Global Operations of European Firms. The Second EFIGE Policy Report." Bruegel Blueprint Series 12 (2011): p. 38. https://www.researchgate.net/profile/Fabiano_Schivardi2/publication/277047603_The_global_operations_of_European_firms_The_second_EFIGE_policy_report_Bruegel_Blueprint_12_July_2011/links/55c6660508aebc967df5370f/The-global-operations-of-European-firms-The-second-EFIGE-policy-report-Bruegel-Blueprint-12-July-2011.pdf?origin=publication_detail. ISBN: 978-9-078910-20-6

⁴ See UNECE Recommendation 37 : https://www.unece.org/fileadmin/DAM/cefact/cf_plenary/2019_plenary/ECE_TRADE_C_CEFAC_T_2019_06E.pdf

2. The international trade barriers faced by MSMEs

MSMEs typically focus on domestic markets, which is usually highly competitive with many MSME players. They have cost and scale limitations and their orders are small and scattered. Their abilities and potential to access international markets is constrained by a number of obstacles which are described below.

Difficulties in dealing with import and export regulations and procedures

Multinational corporations are usually well-established with a worldwide reputation and operating in foreign markets via their branches with local employee assisting in compliance with local laws. Due to resources and personnel constraints, MSMEs often lack expertise in international trade procedures, local regulations, customs rules and other compliance matters. As a result, it is quite common for some MSMEs to see shipments being delayed or denied from clearance due to non-compliance. The consequence could be costly, including additional time costs and sometimes leading to loss of contracts, damage to the goods and exposure to litigation.

Lack of access to trade finance

Banks often have very limited information with which to evaluate the credit worthiness and international trade performance of MSMEs, especially in developing countries. With limited information, banks usually give MSMEs a low credit ranking and consider the establishment of Letters of Credit to finance MSME transactions to be risky and expensive.

As an alternative, many MSMEs trade on open accounts, which is a very risky strategy, especially because small companies often have limited access to information on the progress of the trade transaction once the goods have left the country and have no means to intervene if problems arise. This can lead to payment delays or even a complete loss of payments.

Lack of access to quality logistics services

To reach foreign markets, an MSME needs to rely on a competent logistics provider that can offer integrated door-to-door services and can act as an intermediary with customs and other authorities. Due to the small volume of MSME shipments, reputable logistic services are often not accessible to MSMEs or only at a premium price.

Lack of access to other quality business services essential for international trade

These include a range of services in areas such as insurance, marketing, packaging, warehousing and others. This is particularly important in developing countries where, overall, the service sector is less developed.

Limited access to advanced eBusiness solutions

International trade relies increasingly on advanced eBusiness solutions such as traceability or digital accounting systems. MSMEs lack access to many of these systems, primarily because of the lack of income, technological skills and the low volume of their international trade and capability to leverage the systems, etc. Instead, they often find themselves still relying on manual procedures and the exchange of paper documents, especially in developing countries. These procedures are cumbersome and error prone, and often lead to non-compliance with

export and import regulations as well as repeated submissions of documents, increasing the costs and risks for all parties involved.

Lack of professional skills

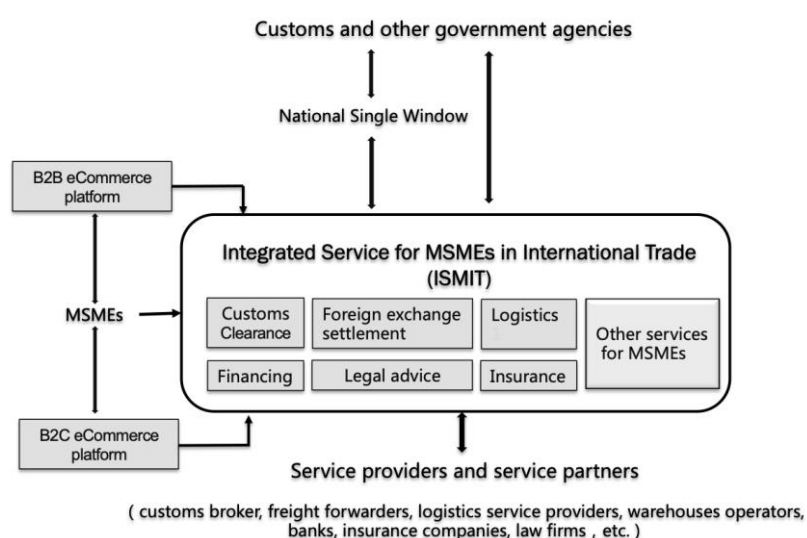
Again, unlike multinational corporations that can afford establishing foreign branches or long-term contractual arrangements with local counterparts, MSMEs often lack the professional knowledge and experience related to regulations and procedures about customs clearance, finance, evaluation and other aspects of business and trade management because of the low volume of their international trade and resources and personnel constraints as well as lack of channels to communicate with regulators, banks, logistics providers, etc.

Taken together, the above obstacles have created a glass ceiling for MSMEs to participate in international trade. MSME may only be able to break through this ceiling at a prohibitive cost and with many potential financial and reputational risks.

3. What does the ISMIT concept mean?

ISMIT provides services for MSMEs to conduct cross-border trade. It may be a separate eCommerce platform for services, or it may be integrated into a larger B2B or B2C eCommerce platform. Figure 1 shows schematically the ISMIT platform concept, and its inter-connectivity with existing trade facilitation platform such as the National Single Window (NSW). ISMIT can be considered as a type of Single Submission Portal⁵ tailored specifically to support MSMEs in some situations.

It seeks to eliminate or significantly reduce the barriers enumerated above. ISMIT combines the competitive advantages of MSMEs as small players (niche products, access to local expertise and low production costs) with the scalability and strength of large enterprises and large eCommerce platforms, which can realize economies of scale and can provide expertise on international trade requirements. ISMIT integrates them by using eCommerce technology and electronic information exchange as an enabler. ISMIT can connect to each other to establish an ISMIT network to provide services for multiple MSMEs from different countries



⁵ Op. cit.

Figure 1: ISMIT environment

An ISMIT can potentially provide MSMEs with fully integrated electronic support services for the complete cross-border trade transaction. This includes access to logistics service providers, financing services, insurance services as well as regulatory services that can either be through connectivity to a National Single Window or directly to customs for export and import declarations and to other relevant government websites. Information from different stakeholders is collected by the ISMIT platform, which would coordinate the information flow in order to facilitate the trade transaction.

Information is provided by MSMEs and their potential clients and can then be coordinated through ISMIT to the relevant service providers and service partners according to the requested services by the MSME, such as customs brokers, freight forwarders, logistics service providers, warehouses operators, banks, insurance companies, law firms and other professional resources. The identity and the quality of service of the service providers and service partners may be verified by ISMIT.

Since all relevant parties (service providers and service partners) are connected to the ISMIT platform, potentially an MSME could use the platform to trace its trade transactions, from the time the goods leave the factory or warehouse to the time the goods are delivered to the door of the customer in the foreign country. This traceability is not limited to where the goods are and where they are going. Rather, the ISMIT platform can provide MSMEs with all the information needed for tracking the progress of the trade transaction, visualizing which administrative and commercial processes have been completed, as well as knowing the status of the current process and which processes still lie ahead.

ISMIT can also facilitate MSMEs' access to trade financing provided by banks. For example, through the ISMIT, MSMEs could provide banks with an online tool to track past and current trade transactions. Transparency and electronic information flow reduce the lending risk of the banks, leading to improved credit ranking and better borrowing terms for the MSME.

The business model of ISMIT platform can adapt to different trade environments and business service requirements of MSMEs in different countries. For example, in one country, the main challenge may be the time of clearance whereas in another it may be the cost of logistics and insurance services. The organizational and financial model can be private-driven or a Public-Private-Partnership (PPP) according to different trade environments in different countries.

4. What are the benefits to the public sector and the private sector?

The ISMIT platform offers significant benefits to the stakeholders in international trade:

- Government agencies will benefit, as ISMIT can interface on behalf of the MSME with the automated National Single Window and Customs systems in the importing and exporting countries. In addition, government agencies can receive high quality and reliable information submitted according to the standards and formats required by the relevant government agency.
- MSMEs can focus on their core competence areas and reduce the time, risk and cost of customs clearance, logistics, etc. By using ISMIT services, the MSME can outsource the management of “non-core” activities such as customs clearance and logistics in

international trade processes to ISMIT and the specialized service providers that are connected to the system. At the same time, the MSMEs will receive full information and maintain control of the trade transaction.

- Banks can gain customers from the MSME sector, while controlling risks through greater transparency and more reliable data from ISMIT consolidation services. These services would provide banks with better credit rankings for MSMEs with information on trade transactions readily available through an ISMIT platform.
- Logistics and transport service providers can gain customers from the MSME sector via ISMIT consolidation services. Instead of a small volume shipment from the MSME, ISMIT could consolidate and aggregate the requests and orders of MSMEs into a large volume shipment for logistics and transport service providers. Through ISMIT, transporters could also receive information electronically, which helps them to reduce transport costs and time.

5. Examples of how ISMITs address the international trade barriers faced by MSMEs

Reduced business transaction costs for MSMEs

One vision for ISMIT is to support the participation of MSMEs in international trade with lower costs and higher efficiency. An ISMIT may have physical service centers where MSMEs can visit to obtain assistance for document filing and regulatory compliance matters. However, all essential information can be provided electronically by MSMEs without any formal training needed. MSMEs will not need to recruit staff specializing in international trade, which saves human resources and management costs for MSMEs.

More inclusive international eCommerce

Through the standardization and integration of international trade services, ISMIT can help MSMEs to expand and reach out to foreign markets and to comply with local laws in foreign markets. As a result, more and more MSMEs will be able to participate in international trade with more efficient and faster clearance.

Better cash flow

Through ISMIT, MSMEs can obtain financing faster with better terms, resulting in better cash flow and financial position which, as a result, enhance the ability of MSMEs to get orders.

An established credit system for MSMEs

Through ISMITs, transaction big data can be accumulated, and an international eCommerce big data credit system could be established. Buyers and sellers could rely on this credit system to make deals and reduce the transaction consultation cycle.

6. The relationship between ISMITs and Trade Facilitation

ISMIT provides MSMEs with an integrated cross-border service, which greatly facilitates trade transactions for MSMEs. When dealing with ISMIT, the trader can use the data formats with which they are familiar. The ISMIT can then reformat these in order to be in conformity with standards and data requirements used in international trade.

For example, ISMIT could ensure that data is submitted based on “one-time entry” of each data element, using UN recommended code lists and implementing international trade standards. While MSMEs can submit information to the ISMIT platform manually, using online applications, the ISMIT platform can then provide the same data to other systems using international eBusiness standards.

ISMIT may also contribute to the National Single Windows (as defined in UNECE Recommendation 33) under the WTO Trade Facilitation Agreement (TFA). As an interface between MSMEs and National Single Windows, the ISMIT platform can reformat all information to the regulatory standards defined nationally.

7. ISMIT principles

The base principles of an ISMIT platform include:

- ISMIT platforms are inclusive and open to participation from all MSMEs as well as all trade-related service providers, such as customs broker, freight forwarding, logistics service providers, warehouses, export agencies, banks, insurance companies, law firms and other professionals.
- The establishment of an ISMIT platform in all the countries of the world should be encouraged.
- ISMIT platforms can be designed to support all forms of cross-border trade when needed.
- ISMIT platforms can be completely private commercial services or they can be Public-Private Partnerships; in either case, they should not be established as monopolies.
- ISMIT platforms should provide an environment that encourages competition among service providers/partners, such as transporters and banks, in order to ensure the best prices and service levels.
- ISMIT platforms should support the provision of quality services to MSMEs. This can be done, for example, through service agreement management, service quality management, risk control management, vendor (agency) entry and exit mechanism management, auditing management for imports and exports, coordination management, etc.

8. Implementation Guidelines: best practices when establishing an ISMIT

Governments that aim to develop policies and tools to enable MSMEs to access global markets should adhere to the following principles:

- Optimize the business environment which allows ISMIT platforms to provide services to MSMEs by cooperating with the service providers of cross-border trade, such as customs broker, freight forwarding, logistics service providers, warehouses, export agencies, banks, insurance companies, law firms, etc. Rights and responsibilities should be clarified for ISMIT, MSMEs, and service providers.
- Encourage an environment of free competition between platforms that offer ISMIT services. This should be considered under the national trade development agenda on

how to leverage the services provided by ISMIT to enable MSMEs to access quality trade related services at a reduced cost, which would result in increasing the competitiveness of MSMEs in international market.

- ISMIT service provider should support national eGovernment strategies, for example by proposing an entry point into the National Single Window and other relevant systems of government agencies.
- Ensure that there is an appropriate legally enabling environment that recognizes the exchange of information electronically and electronic signatures including the provision of related infrastructure.

9. The relationship between ISMIT and National Single Window

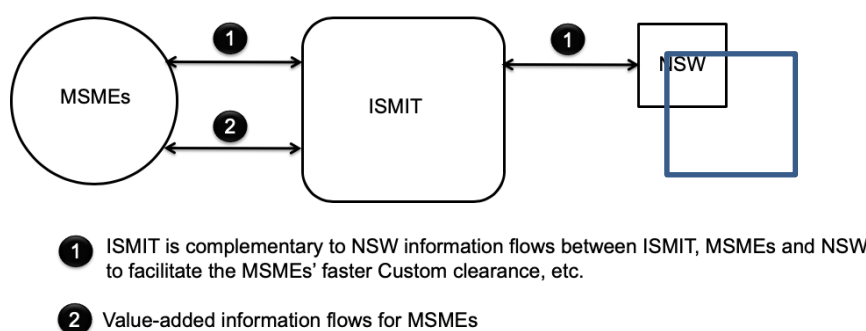


Figure 2: Relationship between ISMIT and NSW

As shown in Figure 2, since the majority of MSMEs are not capable of providing standardized information and documents to National Single Windows (NSW), ISMIT can act as a trusted third party between them. That is, MSMEs provide the essential and non-standardized information to ISMIT, ISMIT (as an information exchange platform) can then transform it to standardized information and documents and submit it to an National Single Window (NSW).

For example, ISMIT can provide the following information exchange services between MSMEs and NSW:

- 1) Information collection and submission related to customs clearance
- 2) Information collection and submission related to foreign exchange settlement
- 3) Information collection and submission related to Value Added Tax (VAT) refund

As shown in Figure 2, another difference between ISMIT and NSW is that, ISMIT is also a value-added commercial services platform for MSMEs to obtain better services from multiple service providers connected to the ISMIT, such as insurance companies, banks, etc., which traditionally prioritize large companies over MSMEs.

If a country does not have an NSW, then an ISMIT platform can communicate with multiple government agencies to provide related information exchange services. Furthermore, multiple ISMITs could coexist within a country or a single economy.

Annex I Case Studies: OneTouch

The ISMIT White Paper has produced an annex of case studies to support its findings. These submissions are intended to reflect the work of the ISMIT White Paper using a pre-defined series of topics. These use cases do not engage the United Nations or UN/CEFACT in any way and they do not constitute an endorsement of any kind. Submissions are presented as is and were only checked for grammar and spelling.

1. Background

OneTouch, an initial ISMIT model in China, started around 2010 as an integrated supply chain service such as customs clearance, VAT refund and logistics. Leveraging the expertise of internet and big data technology, OneTouch has improved the competitiveness for tens of thousands of MSMEs in China (see Figure I-1).

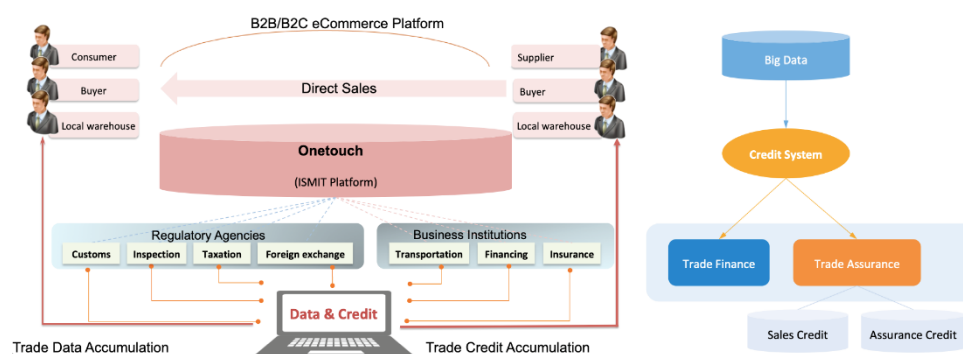


Figure I-1: OneTouch model

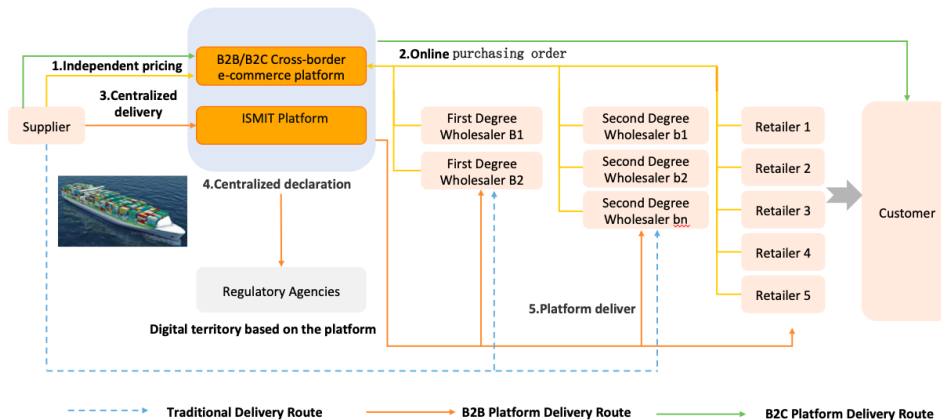


Figure I-2: OneTouch provides multiple trade modes in parallel for MSMEs

MSMEs locate and approach buyers on B2B/B2C eCommerce platforms. As shown in Figure I-2, after a MSMEs enters into a deal with a buyer, they submit delivery order with OneTouch, and OneTouch provides centralized delivery and centralized declaration services. MSMEs save time and cost by using the one-stop service provided by OneTouch.

2. Target Users of the ISMIT services

MSMEs in China are the target users of OneTouch.

3. Countries/Economies Covered by the ISMIT

OneTouch provide services for MSMEs in China.

4. Services Provided Directly by the ISMIT

As an enabler and builder of the eCommerce platform for integrated services, OneTouch provides integrated services solutions to MSMEs, which include

- 1) Customs clearance, e.g., maintain an internet based system to allow MSMEs input data for clearance, collect customs clearance related information from MSMEs, connect with NSW to submit electronic information, inform the customs clearance status to MSMEs, etc.
- 2) VAT refund application
- 3) Foreign exchange services, e.g., global account opening, cross-border collection, import payment, foreign exchange conversion, foreign exchange market risk mitigation and global regulatory reporting, etc.
- 4) Logistics services facilitation, e.g., online search of qualified logistics service providers, facilitation of lower cost logistics order and LCL (Less than Container Load) service, online tracking of logistics flow, etc.

5. Services offered by other providers through ISMIT

- 1) Customs clearance service provided by customs broker through OneTouch
- 2) Logistics services provided by freight forwarders and logistics companies through OneTouch
- 3) Trade financing provided by banks through OneTouch

There are various trade finance services provided by banks, such as credit financing, stocking and purchasing financing, prepayment after delivering the goods and tax financing, etc.

6. Results of the ISMIT platform in China

There are more than a hundred integrated supply chain service providers (e.g. OneTouch) as ISMIT platforms in China, mainly concentrated in the Yangtze River Delta and the Pearl River Delta coastal cities. The volume of business account for 8% to 15% of China's general trade exports, and 2% to 5% of China's general trade imports.

7. Is this ISMIT currently connected to a NSW or are there plans to do so in the future? Please list other regulatory bodies with whom the ISMIT exchanges information.

OneTouch is currently connected to Chinese NSW to exchange information with State Administration of Customs, State Administration Of Taxation and State Administration of Foreign Exchange.

8. Challenges/Difficulties Ahead/Limitations

- 1) Services related trade data harmonization, e.g. logistics data harmonization
- 2) Data sharing and data protection scheme among:
 - a) OneTouch and single window/government agencies

e.g., sharing of government data (such as company blacklist and high-risk products list) to improve risk control capability of OneTouch platform, which can be considered as a pre-risk control and rules education system for customs and other government authorities.

- b) OneTouch and cooperated service providers and service partners
e.g., sharing of logistics data among ISMIT and related logistics service providers to provide logistics visibility service for MSMEs.

9. Contact Information for further information about OneTouch

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Annex II Case Studies: ISMIT in Singapore

The ISMIT White Paper has produced an annex of case studies to support its findings. These submissions are intended to reflect the work of the ISMIT White Paper using a pre-defined series of topics. These use cases do not engage the United Nations or UN/CEFACT in any way and they do not constitute an endorsement of any kind. Submissions are presented as is and were only checked for grammar and spelling.

1. Background

The Singapore's TradeXchange was established as a secure and neutral IT platform to enable exchanges of trade and logistics documents and data amongst private sector companies, as well as with the government. Launched in 2007, it was the first IT-centric private-public partnership project in Singapore. TradeXchange can be considered as an early example of the ISMIT model.

TradeXchange aimed to provide seamless inter-connectivity among commercial and regulatory systems for Singapore trade and logistics community. The vision that TradeXchange embodied is that of a wholly inclusive, neutral platform for the trading community to communicate, by way of exchanging and/or sharing documents; thus, moving towards an efficient, paperless trading environment.

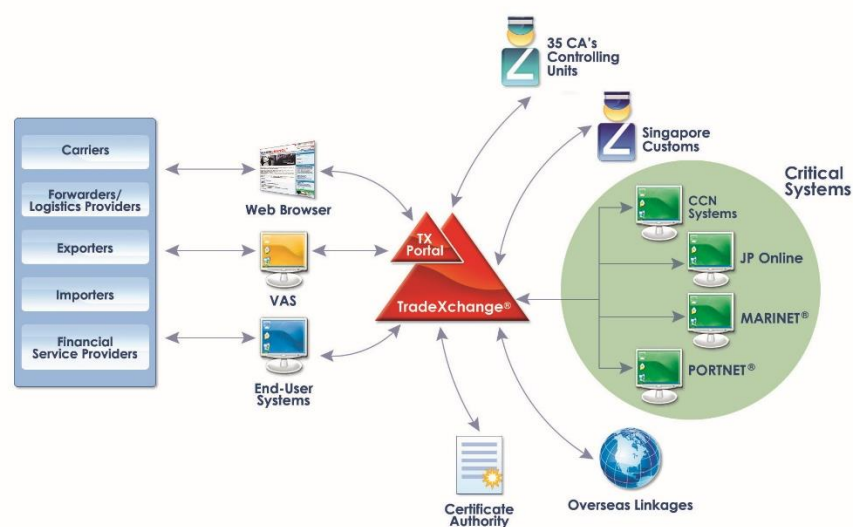


Figure II-1:- TradeXchange® overview

The TradeXchange platform encompassed various stakeholder groups within the trading community in Singapore. These included end-users, enablers and facilitators. Singapore customs played the role of governance facilitator, ensuring that the TradeXchange platform remains at level-playing field for all stakeholder groups.

TradeXchange brought about a quantum leap in the Trade Facilitation process in Singapore and benefited the country in such a way that business costs were lowered, economic competitiveness was enhanced and trade documentation process was improved due to the simplified permit structure with less declaration fields that the single interface for users itself allowed users to also incorporate other 'end-to-end' services.

2. Target Users of the ISMIT services

The TradeXchange end-user groups comprised of:

- Shippers (Importers/ Exporters/ Traders)
- Logistics Service Providers (Freight Forwarders/ 3PLs/ carriers - all inclusive of land, air and sea freight services)
- Financial Institutions (Banks/ Insurers)

3. Countries/Economies covered by the ISMIT

The TradeXchange provided services in Singapore.

4. Services provided directly by the ISMIT

Services that were provided in the TradeXchange platform are set out Table II-1 below.

Based on the visions and targeted values, TradeXchange launched 6 core service at the early stage of the operation.

Service	Intended functionality
Integrated Multimodal Solutions	Linkages to Cargo Community Network (CCN) and PortNet for air/sea schedule and cargo tracking
Shipping Line Linkages	Cargo space booking, enquiries and other relevant messages to be sent and received from the shipping lines electronically. Shipping lines include GT Nexus and INTTRA
Overseas Highway Manifest	Submission of advanced manifest data to the relevant regulatory authorities in Australia, Canada, the United States and more
Overseas Highway Customs	Enables trade declaration data to be reused and sent online conveniently for customs clearance in Australia, as well as the Pan-Asia Alliance (PAA) Network: China, Chinese Taipei, Hong Kong SAR, Indonesia, Japan, Korea, Macau SAR, Malaysia and Thailand
RosettaNet Automated	Connects industry players to their customers & suppliers for exchange of commercial documents (purchase order, packing list, invoice using the RAE framework)
Title Registry	Enables end users and VAS providers to have a secure creation, transfer, surrender and access of title of goods (Bill of Lading) electronically across various parties for Letter of Credit payment processing

Table II-2. TradeXchange core services

5. Services offered by other providers through the ISMIT

The TradeXchange enablers were value-added service (VAS) providers, which enabled the connections between end-users and services provided on the TradeXchange platform. Additionally, they provided related services (such as compliance screening, cargo tracking services and letter of credit payment related services) to maximise the benefits of the TradeXchange services that end-user groups subscribed to.

6. Results of the ISMIT Platform

- Increased SME competitiveness and capabilities
- Provided a low-cost community platform for trade and logistics
- Facilitated logistics hubbing for multinational corporations
- Promoted a vibrant trade software provider industry

7. Is this ISMIT currently connected to a NSW or are there plans to do so in the future? Please list other regulatory bodies with whom the ISMIT exchanges information.

Yes, TradeXchange was connected to the Singapore National Single Window “TradeNet.”

8. Challenges/Difficulties Ahead/Limitations

9. Contact Information for further information about the ISMIT in Singapore

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Annex III Case Studies: CALISTA™

The ISMIT White Paper has produced an annex of case studies to support its findings. These submissions are intended to reflect the work of the ISMIT White Paper using a pre-defined series of topics. These use cases do not engage the United Nations or UN/CEFACT in any way and they do not constitute an endorsement of any kind. Submissions are presented as is and were only checked for grammar and spelling.

1. Background

GeTS is a subsidiary of CrimsonLogic with more than 30 years of experience, focusing on working with the governments to put in place mission critical facilitation platform and we are the party that was responsible for the concept of single window in trade facilitation, adopted by world customs organisations. With the background and deep know-how in trade and compliance, CALISTA is a global digital platform that facilitate and connects the G2B and B2B.

CALISTA™, an acronym for CARGO Logistics, Inventory Streamlining & Trade Aggregation, is an open, trusted and interoperable platform that enables global supply chain orchestration by integrating physical, financial and regulatory flows across the ecosystem. It connects the vibrant ecosystem of shippers, freight forwarders, carriers, NVOCC, Ports, customs brokers, haulage service providers, financial institutions and Customs connectivity on the single digital platform, thus boosting efficiency.

It streamlines processes, exchange of documents and data in the flow of goods within and across countries and regions. Stakeholders will also benefit from the reduction of data duplication, enjoy automated handshakes across Customs nodes, improve authenticity of data flow and access to accurate and up-to-date status visibility.

It is truly a model of ISMIT that enables MSMEs to facilitate cross-border trade, integrating the three pivots of physical logistics, compliance and finance with digital connectivity on a single platform. The platform is underpinned by blockchain, AI and RPA technologies.

2. Target Users of the ISMIT services

- Shippers (Brand Owners, Importers and Exporters)
- Freight Forwarders
- Truckers
- Carriers / NVOCC (Multi-modal)
- Customs Broker
- Financial Institutions

3. Countries/Economies covered by the ISMIT

APAC, North America, LATAM and soon Europe

4. Services provided directly by the ISMIT

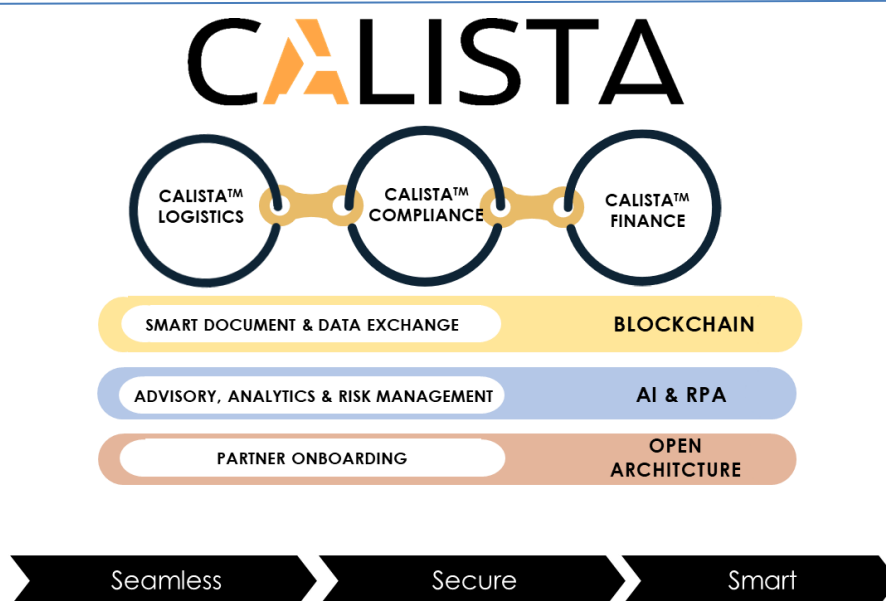


Figure III- 1:- CALISTA™ Platform

CALISTA offers 3 key pivots – Logistics, Compliance and Finance

CALISTA™ LOGISTICS allows users to interact with one another for Freight Booking, submission of shipping instructions, preview of draft Bill of Lading (B/L), as well as accessing to complementary port solutions offered by PSA.

CALISTA™ Compliance facilitates trade declaration, import and export permit applications by managing, exchanging and transforming trade data and documents from disparate systems. It provides a seamless B2B and G2B connectivity by leveraging on Customs Nodes connectivity.

CALISTA™ FINANCE Beneficial Cargo Owners and Freight Forwarders will now be able to apply for Account Receivable Financing after furnishing the final Bill of Lading information via CALISTA™. In addition, users can get coverage against risks of physical loss or damage to freight during shipment through cargo insurance.

CALISTA™ reduces the need to repeatedly fill in data over several forms each time the cargo reaches a key milestone. It also circumvents the possibilities of information miscommunication. With higher visibility through Ping Track and Trace, it can help users plan better and provide exclusive customised solutions that address users' unique business gaps. This is achieved through advanced alerts when shipments deviate; allowing for proactive planning and seeking alternative solutions.

5. Services offered by other providers through the ISMIT

As the supply chain orchestration platform, CALISTA provides integrated and seamless services for ease of trade, making it more accessible and predictable and faster. The services are cargo booking with shipping schedules, trade financing and invoicing, haulage services and customs brokerage.

6. Results of the ISMIT Platform

- Improve MSMEs competitiveness
- Access to integrated platform to fulfill all logistics, compliance and finance requirements
- Access to new markets through a global network of freight forwarders and carriers

- Reduce Risk of Compounded Cargo
- Improve Inventory Management
- Eliminate Repetitive Documentation
- Integrated Booking Flow
- End-to-end Visibility
- No capital investment, easy to use

7. Is this ISMIT currently connected to a NSW or are there plans to do so in the future? Please list other regulatory bodies with whom the ISMIT exchanges information.

USA – Traders can access Automated Broker Interface (ABI) via the Automated Commercial Environment (ACE)

Canada – Traders can access Integrated Import Declaration (IID) and Advance Commercial Information (ACI)

Japan – Traders can file Advance Filing Request through H2H NACCS

Singapore – TradeWeb is connected to TradeNet

8. Challenges/Difficulties Ahead/Limitations

Going digital, we need to empower the MSMEs with the capability to go digital and the needed infrastructure to support digitalization. As well as continual education about technology adoption and its advantages.

9. Contact Information for further information about CALISTA

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Annex IV Case Studies: CamelONE™ Platform

The ISMIT White Paper has produced an annex of case studies to support its findings. These submissions are intended to reflect the work of the ISMIT White Paper using a pre-defined series of topics. These use cases do not engage the United Nations or UN/CEFACT in any way and they do not constitute an endorsement of any kind. Submissions are presented as is and were only checked for grammar and spelling.

1. Background

Based on UN/CEFACT “Buy-Ship-Pay” Reference Model, vCargo Cloud’s CamelONE™ Platform aims to simplify global trade for Small and Medium Enterprises (SMEs) by bringing together Shippers, Logistics Service Providers, Government Authorities, Insurance Companies and Financial Institutions onto an integrated platform to facilitate procurement, compliance, logistics and financing for global trade.

CamelONE™ is a holistic platform that is designed to serve the following purposes:

1. Marketplace – CamelONE™ is a marketplace that brings together “Buyers” and “Sellers”. The marketplace is not restricted to trading just physical products, such as seafood and electronics. It also includes services related to global trade, such as freight, trucking, warehousing, cargo insurance and financial services. For example, SME freight forwarders could offer their freight services over the platform where these services would then be discovered and procured by manufacturers/shippers sourcing for logistics services online.
2. Aggregator – The sharing economy works on the concept of aggregation to collate more demand for suppliers and service providers, and because of the aggregated demand, suppliers and providers are able to offer a more competitive pricing to buyers and customers. CamelONE™ is by design an aggregator for services provided on the platform and these aggregations will benefit both the customers and suppliers, especially SMEs.
3. Document/Information Exchange – CamelONE™ aims to eliminate paper document exchange between various parties by advocating each party on the platform to go digital. As an Information Exchange Hub, CamelONE™ supports numerous data standards, including international standards such as IATA Cargo XML, UBL 2.1, and traditional standards such as UN/EDIFACT.

CamelONE™ categorises its platform services into Buy, Ship and Pay Services. Under the category of Buy Services, CamelONE™ provides services covering commercial activities relating to ordering of goods. It is offered either directly through its B2B Trade Platform, such as vCargo Cloud’s SeafoodXchange (a B2B Trade Platform for the seafood industry), or integration with our business partners’ trade platforms, such as RSTradeHouse.com, a Contract Manufacturing B2B Platform. These platforms allow buyers and sellers to conduct various commercial activities, such as requests for quotations, negotiation of price, confirmation of order and acceptance of agreements and contracts, including payment and delivery terms. These services are also integrated to CamelONE™ Ship and Pay Services for logistics and financial services to support the trade executed.

At the core of the Ship Services is the CamelONE™ eCargo Marketplace. CamelONE™ eCargo Marketplace is a Digital Logistics Platform for logistics service providers, including freight forwarders, trucking companies, warehouse operators, customs brokers, cargo insurance companies, carriers and container depots to offer their services and manage their operations. Service providers could receive quotation requests, bookings and digital exchange of documents through the platform. With the Trade Compliance modules in CamelONE™, the

platform is also connected to the National Single Window of several countries to facilitate cross-border compliance, including Singapore (through Singapore's Networked Trade Platform (NTP)), China, Mauritius, and Indonesia. For trades where vCargo Cloud operates in both the origin country and destination country, the platform not only enables the exchange of documents with the respective National Single Windows, it also allows export customs declaration from the origin country to be exchanged and converted into import customs declaration in the destination country.

Trade Finance is an integral part of the entire global trade ecosystem. vCargo Cloud's CamelONE™ Trade Finance facilitates the provision of financial services under its Pay Services. The CamelONE™ Trade Finance portal, which will be offered on Singapore's Networked Trade Platform (NTP) in early 2020, is a solution supported by NTP, MAS (Monetary Authority of Singapore) and 9 commercial banks, that will provide a one-stop multi-bank portals' integration to simplify trade finance applications through a single interface. The platform optimises the ease and speed of filling in multiple applications with the use of a standard application form across multiple banks, while at the same time leveraging on secured data reusability offered via NTP.

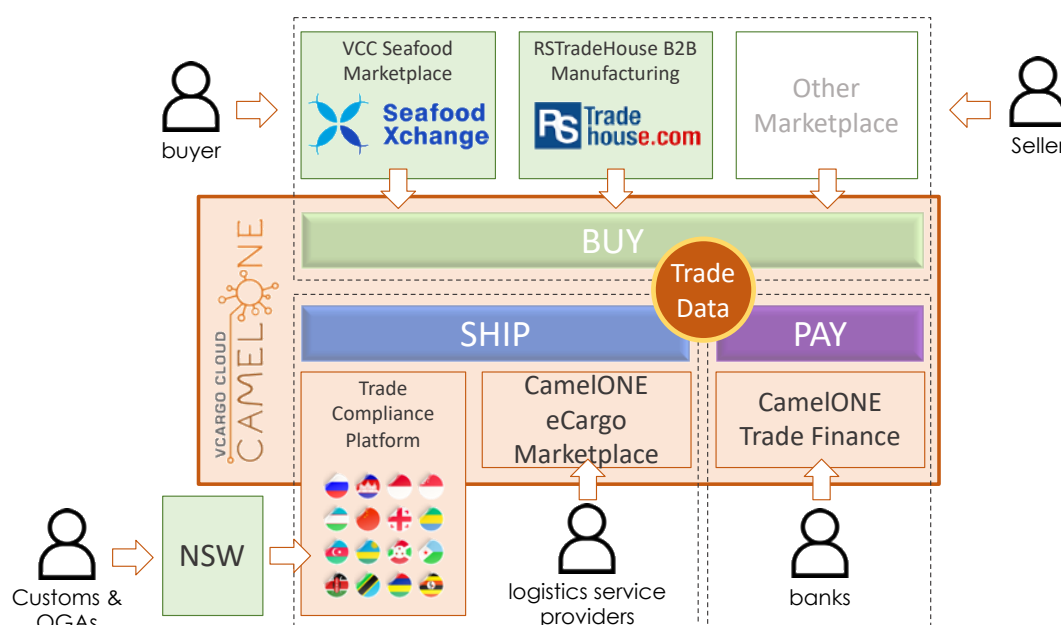


Figure 1 – CamelONE™ Platform Ecosystem

While CamelONE™ is privately owned by vCargo Cloud Pte Ltd, the development of the different parts of the platform receives strong support from Singapore Government through various programmes. One of the key programmes that had made a significant impact and helped shape the CamelONE™ platform was the Logistics Industry Digital Plan (IDP) for SMEs, which was co-developed by the Infocomm Media Development Authority of Singapore (IMDA) and Enterprise Singapore (ESG), in consultation with the industry. One of the services on the platform, CamelONE™ eCargo Marketplace, launched on 01 August 2018, was the fruit of the partnership between IMDA, ESG, vCargo Cloud and various logistics & insurance service providers in Singapore through this IDP programme.

2. Target Users of the ISMIT services

The target users of CamelONE™ is very broad and extensive. It covers almost every stakeholder that is involved in the global trade process. The list of stakeholders includes:

1. Shippers (Importers, Exporters, Manufacturers, Wholesalers, Distributors, Traders)
2. Logistics Service Providers (Freight Forwarders, Customs Brokers, Trucking Companies, Warehouse Operators, Carriers, Ground Handlers, Stevedores, Port Operators, Container Depots)
3. Cargo Insurance Companies
4. Financial Institutions
5. Chambers of Commerce
6. Government Authorities (through National Single Window integration)

3. Countries/Economies covered by the ISMIT

The different services on CamelONE™ have been deployed and is currently operational in various countries. The following table lists the deployed services and the corresponding countries in which they are deployed.

Service	Countries
Buy Services via Seafood Xchange	Singapore, China, Indonesia, Vietnam, Cambodia, Japan
Buy Services via RSTradeHouse	Singapore, Russia
Ship Services via CamelONE™ eCargo Marketplace	Singapore, Indonesia, China, Russia
Pay Services via CamelONE™ Trade Finance	Singapore (<i>operational in early 2020</i>)

4. Services provided directly by the ISMIT

CamelONE™ is a platform with a mission to enable marketplaces for procurement of various services & products including the related services in settlement and fulfilment. For example, provision and consolidation of freight services by the freight forwarders for the logistics sector, preferential premium insurance by marine cargo insurance companies for the logistics sector and enabling online application for financing to banks. By itself, CamelONE™ enables these digital transactions but does not provide any of these services directly.

5. Services offered by other providers through the ISMIT

As above.

6. Results of the ISMIT Platform

CamelONE™ was created with a vision to simplify global trade, especially for small and medium enterprises. Hence, the platform aims to deliver the following outcomes for its users:

1. Reduced logistics costs by 10%-15% for SME shippers
2. Increased productivity and reduced reliance on manpower for logistics service providers through aggregation of demand, and digitalization of documents and customer service.
3. Help SME businesses (currently only for those in seafood and contract manufacturing industries) to expand their market access and sell their products and services to overseas markets that are currently limited in reach and visibility
4. Facilitate access to trade finance facilities that SME businesses would otherwise may not have access or be eligible for financing.

5. Improve efficiency and data accuracy in global supply chain integration through a paperless platform.

vCargo Cloud also heeds to the call for a sustainable future and through CamelONE™, supports the following Sustainable Development Goals:

SDG 8 - Decent Work and Economic Growth

CamelONE™ has digitalized conventional logistics using latest technologies. This has simplified processes, hence improving productivity and efficiency at work. This would spur economic growth in the long run.

SDG 9 - Industry, Innovation and Infrastructure

Through the digitalization of trade documentations, CamelONE™ initiated a business transformation for the logistics sector.

SDG 13 – Climate Action

CamelONE™ significantly reduces the use of paper through digitalization processes. This would help to better manage the climate change that is affecting the world today.

SDG 14 – Life Below Water

Through vCargo Cloud's trade portal, SeafoodXchange, CamelONE™ aims to increase transparency and reduce wastage in seafood trades.

7. Is this ISMIT currently connected to a NSW or are there plans to do so in the future? Please list other regulatory bodies with whom the ISMIT exchanges information.

CamelONE™ is currently connected to several National Single Windows (NSWs) internationally, including Singapore, China, Indonesia and Mauritius. vCargo Cloud is working on plans to connect to several other NSWs, including the NSW for other governments that vCargo Cloud is in the process of implementing.

Apart from Other Government Agencies (OGAs) that are connected on NSWs, CamelONE™ is also connected to Chambers of Commerce for the exchange of electronic Certificate of Origin.

8. Challenges/Difficulties Ahead/Limitations

Onboarding users onto platforms is always a major challenge, especially SMEs. Be it seafood traders on SeafoodXchange, or freight forwarders on eCargo Marketplace, these companies in the brick and mortar business require a lot of education, guidance and convincing before they feel comfortable to embark on their digital journey. However, once they are able to realise and appreciate the value of such platforms, these will form an important part of the whole ecosystem.

9. Contact Information for further information about CamelONE™

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Annex V Case Studies: Flipkart

The ISMIT White Paper has produced an annex of case studies to support its findings. These submissions are intended to reflect the work of the ISMIT White Paper using a pre-defined series of topics. These use cases do not engage the United Nations or UN/CEFACT in any way and they do not constitute an endorsement of any kind. Submissions are presented as is and were only checked for grammar and spelling.

1. Background

Flipkart Marketplace was started in 2014 as a platform for sellers and MSMEs to access a pan-India market through e-commerce. As internet penetration in India grew, coupled with plunging costs of mobile data and rising income levels, India has witnessed an e-commerce boom over the past few years. Flipkart Marketplace today comprises over 100,000 registered sellers, including MSMEs, who can access over 150 million plus customers. The Marketplace hosts over 80 million products across 100+ categories and is steering the transformation of commerce in India through technology.

The Flipkart Marketplace has opened new avenues for retail and trade for thousands of Indian MSMEs and small sellers. The Flipkart Marketplace provides MSMEs help with bringing them online, growing their businesses and logistics.

2. Target Users of the ISMIT services

The target users of the Flipkart Marketplace are MSMEs in India.

3. Countries/Economies Covered by the ISMIT

The Flipkart Marketplace provides services for MSMEs in India.

4. Services Provided Directly by the ISMIT

The Flipkart Marketplace is working to empower MSMEs in India as the leading e-commerce platform in the country. The Flipkart Marketplace has designed several initiatives for its sellers, including:

- 1) Manufacturing Hub Outreach: Flipkart teams connect with manufacturers in over a dozen key MSME clusters to help them understand e-commerce and guide them in their initial journey with the platform. This proactive outreach has been one of the primary drivers for MSMEs inclusion as a dominant seller group on Flipkart.
- 2) Flipkart Samarth: A dedicated program designed to support India's artisans, weavers and craftsmen to help them use e-commerce to spread beyond their geographical limits and reach a pan-India customer base. The program is designed as an incubation initiative with a host of benefits and support for 6 months to aid in onboarding and scaling.
- 3) Dedicated Account Manager: A dedicated resource that helps MSMEs plan and execute on orders
- 4) Selection Insights: Helps MSMEs identify popular customer search trends on Flipkart that they can use to design and produce new products, to manage stock, and to identify new categories and business opportunities
- 5) Flipkart Fulfilment and Smart Fulfilment: Delivery programs and logistics support to help MSMEs improve delivery times to keep customer experience enjoyable. The Smart Fulfilment program helps create a replica of a Flipkart warehouse within the MSME premises.

- 6) Flipkart Utkarsh: A program to help MSMEs identify potential gaps in the quality of their products so they can reduce quality-based returns. Flipkart Quality Champions visit sellers and work with them as part of this program
- 7) Flipkart Seller Apex Program: This helps MSMEs implement Lean principles at their respective production/warehouse locations. The program can bring a reduction of Rs. 2-5 cost per shipment, helping them save almost Rs. 10-15 lakhs annually.

5. Services offered by other providers through ISMIT

- 1) Accounting and financial support from ClearTax provided to MSMEs through the Flipkart Marketplace
- 2) Access to growth capital and financing from banks and NBFCs provided through partnerships with the Flipkart Marketplace
- 3) Training and upskilling in logistics and supply chain provided through a partnership between the Flipkart Marketplace and the National Skill Development Corporation

6. Results of the ISMIT platform in India

The Flipkart Marketplace has pioneered several world-class initiatives for MSMEs in India that has enabled their growth. This includes a dedicated logistics company eKart that enables over 15 million shipments a month. The company's 100,000 sellers, 40% of whom are in Tier 2 and Tier 3 cities, have access to 150 million+ customers. Flipkart sees 15 million visits a day on average, with several seasonal spikes, leading to rapid growth for sellers. Through its initiatives, Flipkart Marketplace has also enabled the creation of an estimated 500,000 plus jobs in India, directly and indirectly.

7. Is this ISMIT currently connected to a NSW or are there plans to do so in the future? Please list other regulatory bodies with whom the ISMIT exchanges information.

8. Challenges/Difficulties Ahead/Limitations

Challenges ahead for MSMEs and the Flipkart Marketplace include:

- Raising more awareness of the benefits of e-commerce and national market access it can provide, particularly in rural India
- Easing the experience for MSMEs online further, so they can come on board and grow their businesses faster
- Knowledge sharing on best practices, skill development, export readiness etc.

9. Contact Information for further information about the Flipkart Marketplace

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