

*Integration of*  
***Paperless Trade Service***  
*into*  
***Supply Chain Management***

4. Oct. 2011

**HYUNDAI**  
**HYSKO**

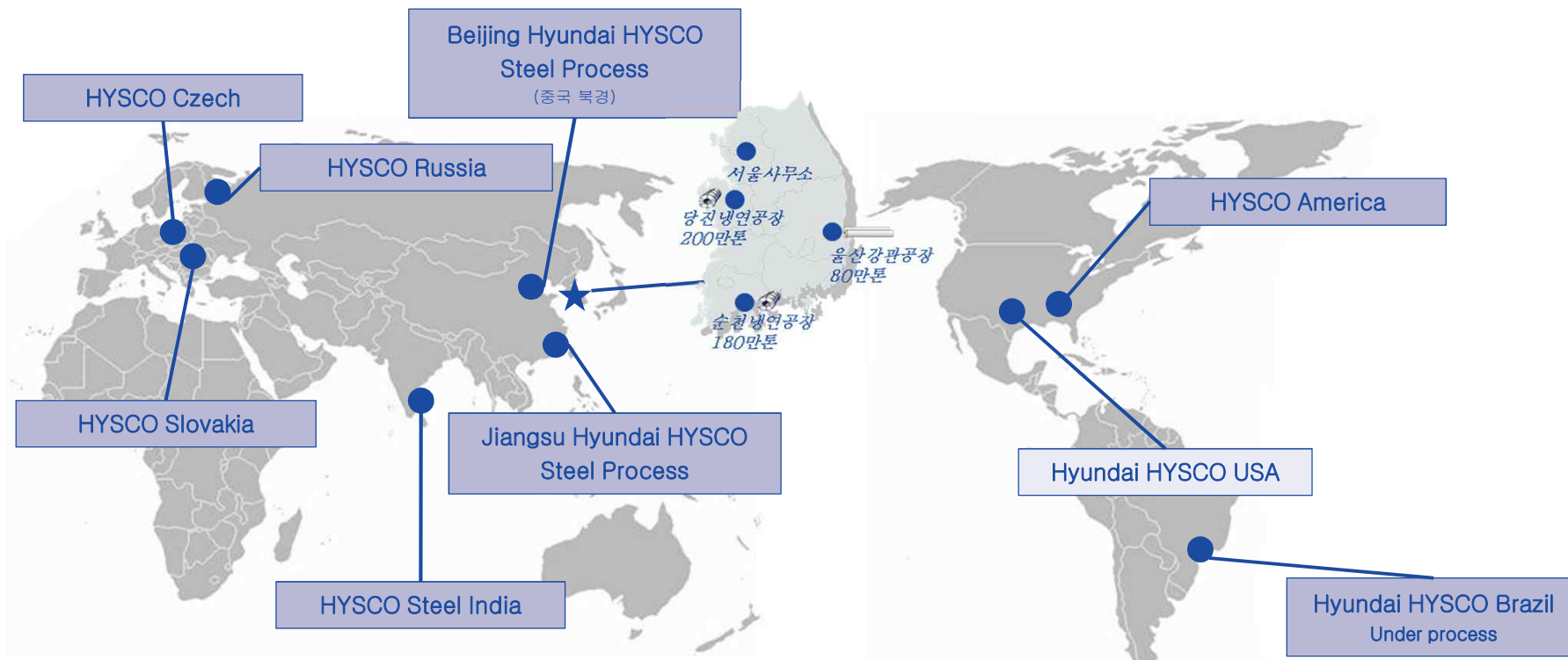
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## 1. General Information

- Hyundai HYSCO

- Established in May 1976
- Products: Automobile Steel Plate(3.8 Mil. ton/y), Steel Pipe(0.8 Mil. Ton/y)
- Foreign Branch: 7 Production Plants & 9 Sales Branch offices
- Sales(1st half 2011): About USD 3.66 Billion



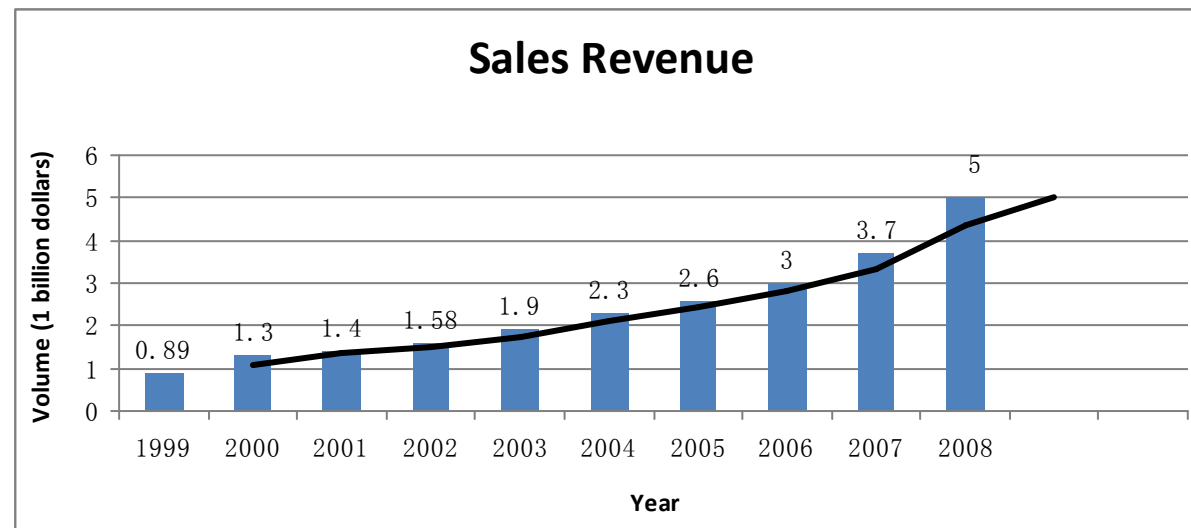
## 2. Supply Chain of HYSCO

### Production Life Cycle

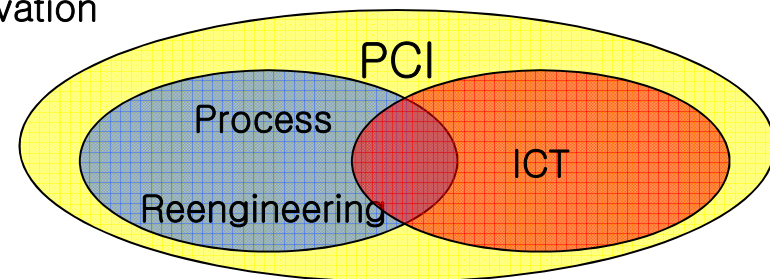


## 1. Background

- Difficulties in the (trade) business management
  - Development of Suncheon works (1999), purchase of Dangjin works (2004)
  - Steady growth of (trade) business (21%/y) and limited number of human resources
    - ☞ Increasing manual documentation works with more L/T (lead time) delay and lower data accuracy
    - ☞ Different forms by different partners declined work efficiency

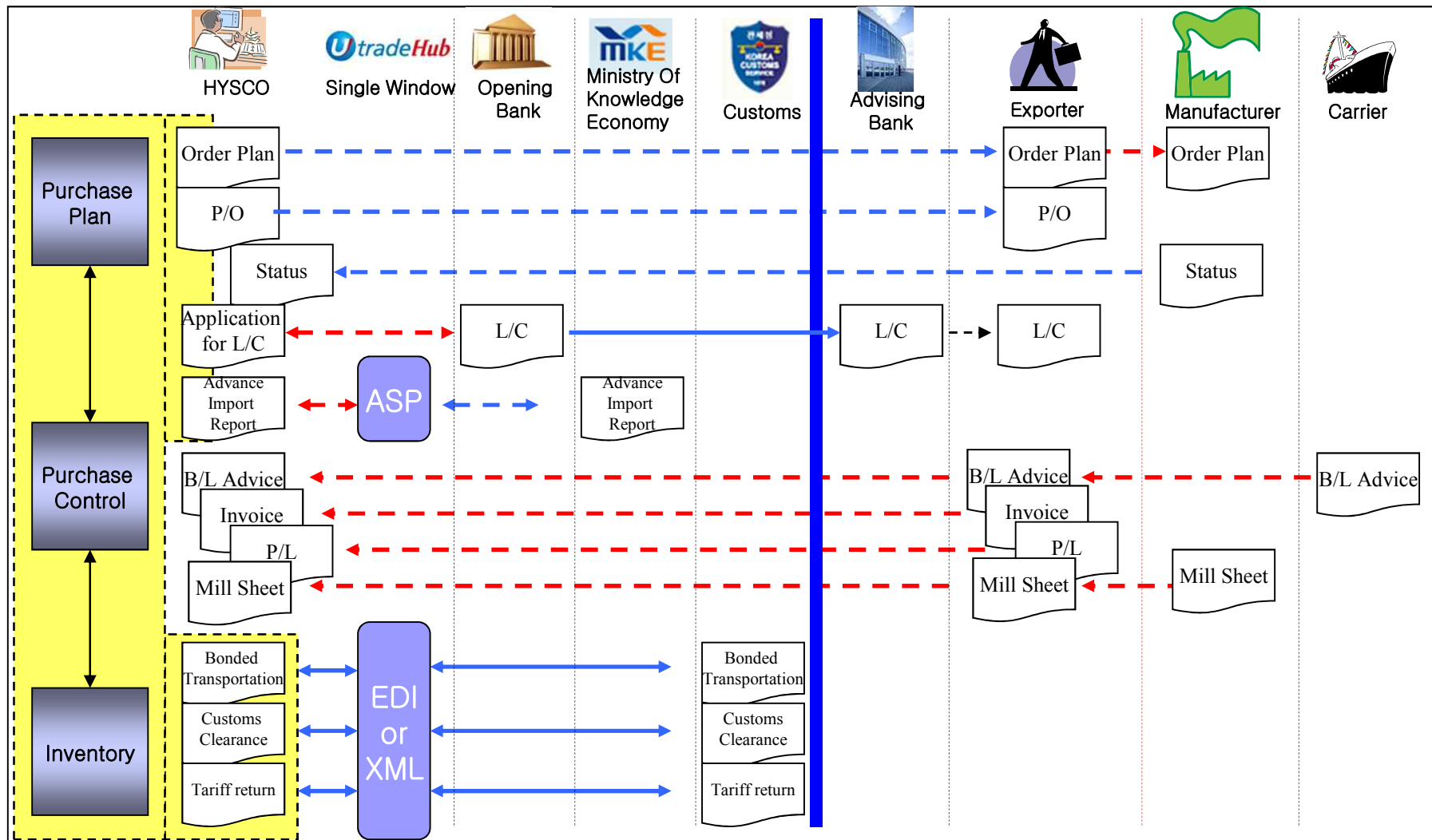


- PCI Project (2003 ~ 2007) ⇒ Process Change & Innovation
  - ☞ Implementation of IT system with process reengineering
  - ☞ Performance Improvement



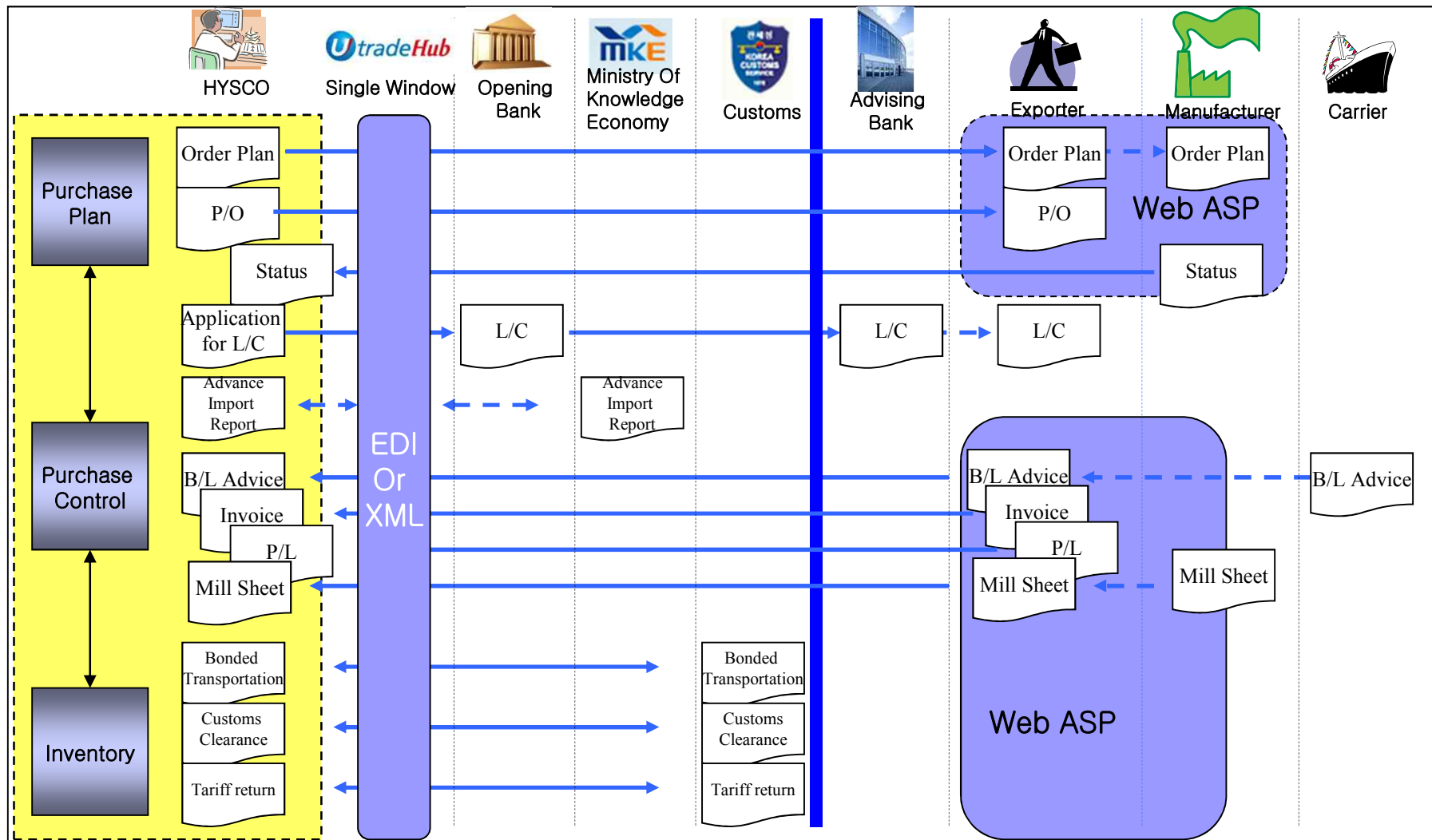
## 2. Paperless Trade into HYSCO Global Supply Chain Chain

- Before the PCI Project



## 2. Paperless Trade into HYSCO Global Supply Chain Chain

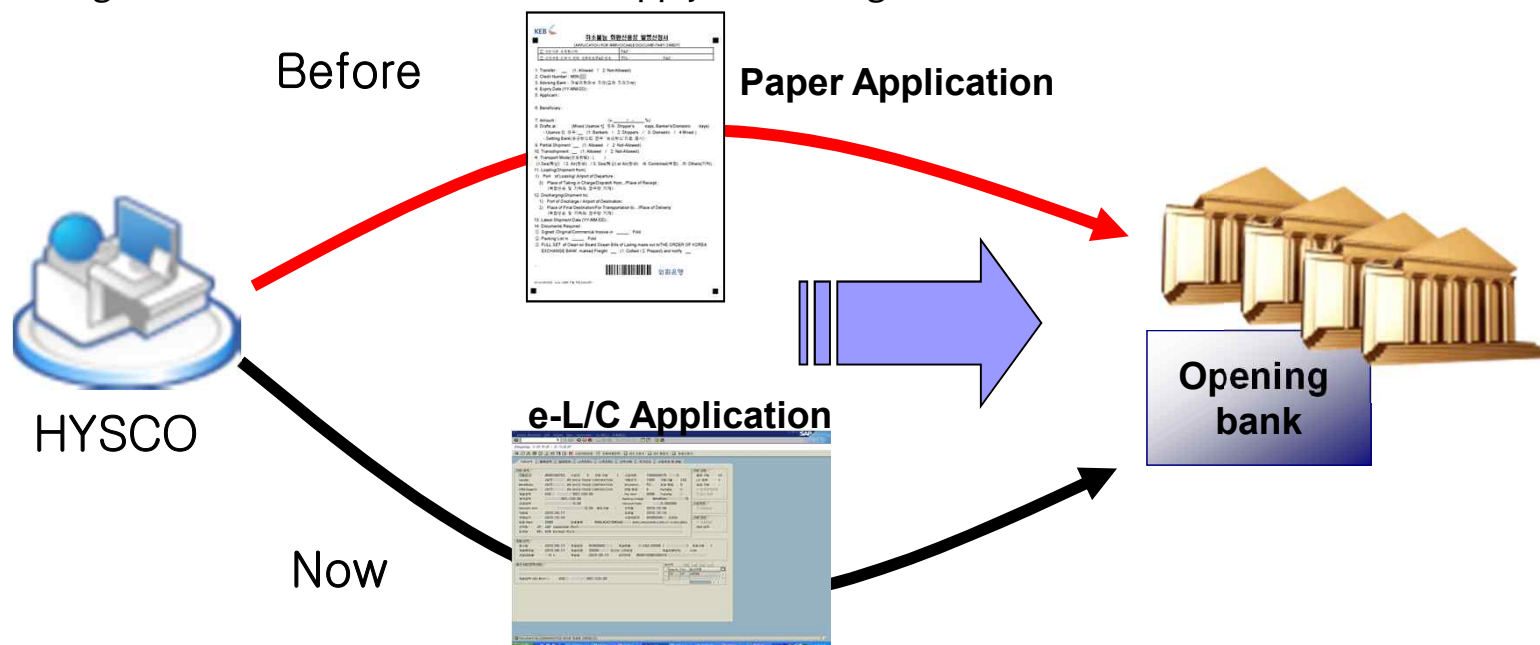
- After the PCI project





### 3. Sample Cases: e-L/C

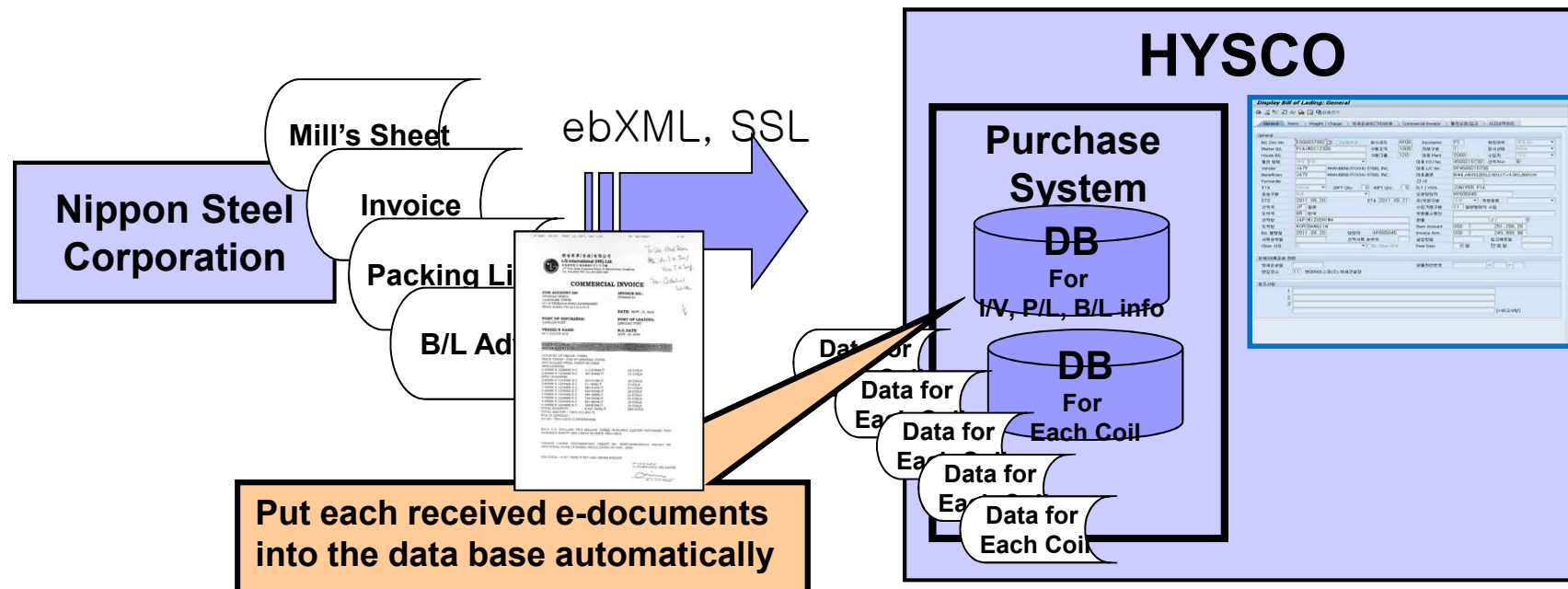
- e – Letter of Credit Service
  - HYSCO can open, receive and modify the Letter of Credit from HYSCO ERP system to the **most of the Banks in Korea**, anywhere and anytime
- Features of e-L/C
  - e-L/C Opening: Opening of L/C
  - e-L/C Notification: Notification of L/C arrival from overseas
  - e-L/C receipt denial: Trader can deny the receipt of L/C from overseas
  - e-L/C Credit Balance: All the history of e-L/C are being recorded at Korea Financial Telecommunications & Clearings Institute, there is no risk of fraudulence or loss of L/Cs
  - e-L/C negotiation or transfer: Traders can apply for the negotiation or transfer of L/C online





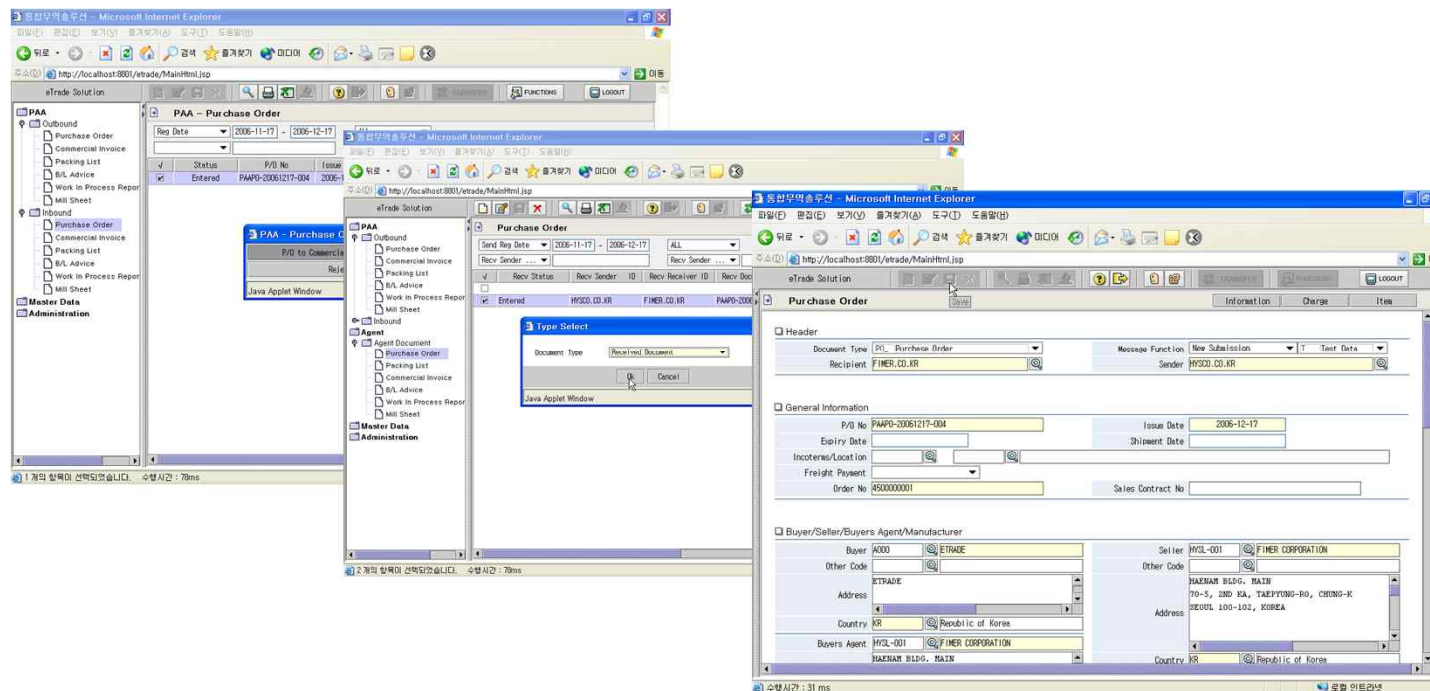
### 3. Sample Cases: Trade Documents and Mill Sheet

- e-Documents Exchange with partners
  - By adapting the paperless trade into the HYSCO Purchasing (Supply Chain Management) System, all the related documents and information are sent to partners and received into the system automatically
  - L/C and other trade documents: 4,800/year, Mill Sheet and others: 2,400/year
  - Partners in the network: Mitsubishi Corp., Itochu Marubeni Corp., Sumitomo Corp., JFE Corp., Baoshan Steel, Wuhan Steel, etc..
- Services provided by KTNET
  - Harmonization of trade and other supply chain management documents with overseas partners and provision of standard XML document set
  - ebXML message handling module to exchange XML messages



### 3. Sample Cases: Web ASP for overseas partners

- Interface method with partners
  - HYSCO allows 3 kinds of interface method for our partners in overseas
    - DCR system (VPN, Flat file)
    - Paperless trade network (ebXML, HTTPS, XML files)
    - Web ASP
- Web ASP provided by KTNET
  - Application for manufacturer and its agent (traders) to receive P/O from HYSCO and manage Invoice, Packing List, B/L advice, Mill sheet and work progress report documents



### 3. Benefits for HYSCO and Partners

## Mutual growth with Partners through the Increased Efficiency in Trade Business and Strengthened Business Ties



#### Secure the Business with HYSCO

- Pre-order based production



#### High level customer service

- Extension of same service to other Korean Customers => Hyundai Motors, Hyundai Heavy Industry

#### Direct Cost Saving : \$ 1 Million / Y

#### Stable supply chain management

- Transparent work process from planning to production

#### Less Human Resource

- \$ 1 bil./8 Staffs (2003)  
⇒ \$ 3 Bil./3 Staffs (2010)

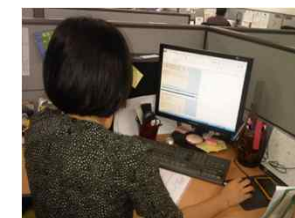


#### Upgrade work efficiency

- Less mistakes from documents handling
- Lower work load from more work volume

#### Less System Development and Management Cost

- Standard ebXML and Web ASP service



## 1. Way Forwards

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- Implementation of e–presentation (e–negotiation) service
    - Consideration on joining the initiative of KTNET e-presentation service with e-B/L for export
  - Extension of Paperless trade service into the new system
    - Interface paperless trade system with HYSCO FTA system
      - Provision of Certificate of Origin information to overseas buyers and foreign branches
    - Interface Paperless Trade System with HYSCO AEO (Authorized Economic Operator) System
      - Provision of AEO Certificate information to overseas buyers
  - Continuous innovation and stable support of Global Paperless Trade Service
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Gwang-Yong KIM (kykim@hysco.com)  
Leader, Auditing team

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