



# ARTIFICIAL INTELLIGENCE FOR TRADE CLASSIFICATION

Cionet 2<sup>nd</sup> of June 2020

VF CORPORATION



# VF is one of the world's largest apparel, footwear and accessories companies

**NO. 252**  
Fortune 500

**170**  
countries with VF  
operations and sales

**400 Million**  
pieces of product  
produced annually

## Our Brands



# Product Classification is one of the main parameters in Trade Compliance

## EXAMPLE:

### Product description:

VANS: Style V4PAIVF U Sk8-Hi Lite + (SUEDE/CANVAS)

### Possible Customs classification codes:

- |                      |  |
|----------------------|--|
| 6403 91 11 00        | Footwear with outer soles of rubber and upper of leather, covering the ankle, of less than 24 cm       |
| 6403 91 13 00        | Footwear with outer soles of rubber and upper of leather, covering the ankle, unisex                   |
| 6403 91 16 00        | Footwear with outer soles of rubber and upper of leather, covering the ankle, for men                  |
| 6403 91 18 00        | Footwear with outer soles of rubber and upper of leather, covering the ankle, for women                |
| 6404 11 00 00        | Sports footwear, training shoe and the like with outer soles of rubber and uppers of textile materials |
| <b>6404 19 90 00</b> | <b>Footwear with outer soles of rubber and uppers of textile materials</b>                             |



# Classification – a labor intensive process

**Erroneous  
or Missing  
classifications**

## Caused by



Scarce or scattered  
expert knowledge



Availability  
of experts



Master data  
governance and  
process issues



Difficulties to  
find the right  
information

## Leads to



Fines and  
penalties



Over- or  
underpayment  
of duties



Operational  
inefficiencies



Less time for  
value added  
work

# Developing a solution that is intended to automate and augment the human workforce

01

## Expert Availability

- Limit impact on Business Experts' time
- Increase efficiency

- Lowering risks as fast as possible
- Time to market

02

## Risk Management

03

## Compliance & Auditability

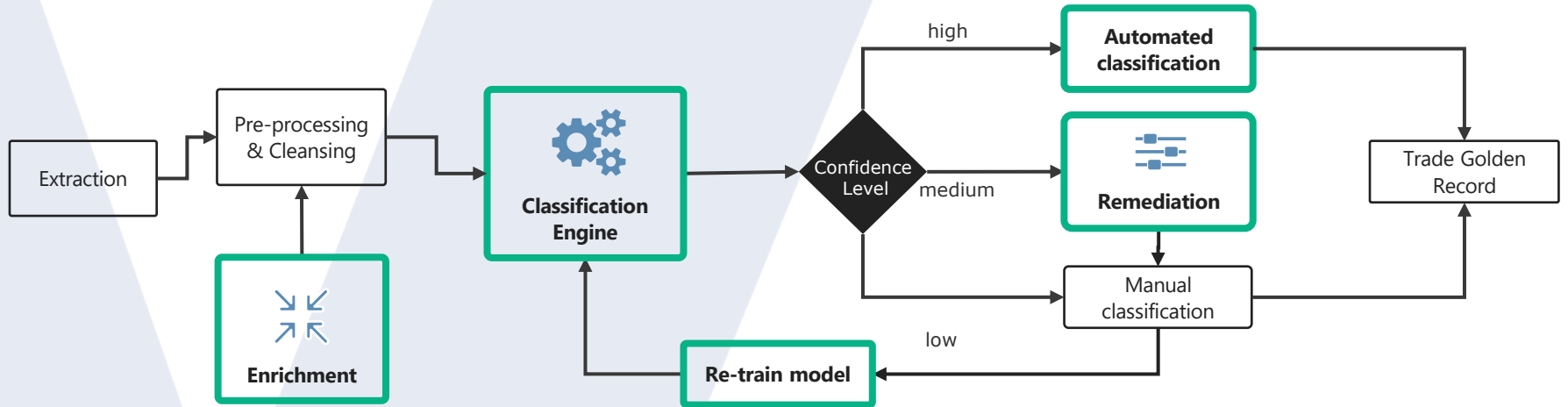
- Ensure consistency
- Full audit trail

- *Explainability* of results
- Supervising "Digital FTE"
- Anomalies

04

## Trust

# Combining RPA and AI to create the Trade *Golden Record*



Material that requires classification is extracted

Using RPA and AI the data is **enriched** (with information from product sheets, intranet, images)

The **Machine Learning solution** – trained by Classification Experts - tries to **classify the material**. In addition, it returns a number that reflects the **confidence level** linked to the suggested classification code

The material is classified and updated in Trade Master Data

Classification Product ABC00005



Product: ABC00005  
Description: Sandal Red

## Product to be classified

Attribute	Value
Division	Men Footwear
Material	Plastic
Product	Shoes

Customs Code  
Description:

### Customs Code

[Click for Manual Sele...](#)



Valid From:

28/05/2020



Valid To:

dd/MM/yyyy



6403993600	80%
64 : Footwear, gaiters and the like; parts of such articles 6403 : Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather: 640399 : Other ...	
4202229090	10%
42 : Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut) 4202 : Trunks, suitcases, vanity cases...	
6403999600	10%
64 : Footwear, gaiters and the like; parts of such articles 6403 : Footwear with outer soles of rubber, plastics, leather or composition leather and uppers of leather: 640399 : Other ...	

### Comments

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Product information extracted using  
"standard" techniques

Additional information retrieved  
through RPA and AI

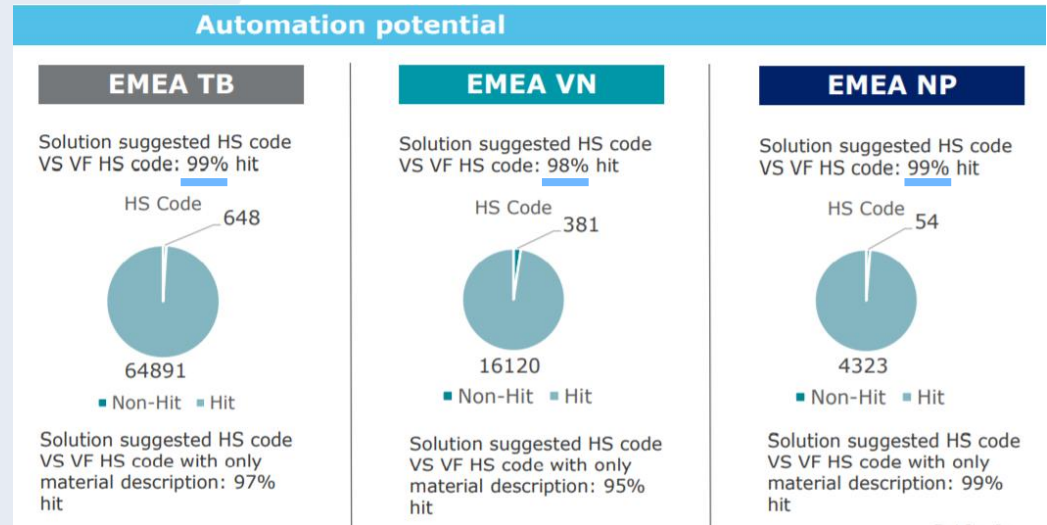
Recommendations given with  
confidence level



# Benefits for VF

- Increased **quality & consistency**
- **Reorientation** of customs experts **towards value-adding work**
- **Lower** compliance **risk**
- Improved **audit trail & control**

**up to 99% of automation**





A photograph of two young women walking on a beach at sunset. The woman on the left has blonde hair, wears pink sunglasses and a denim jacket, and carries a pink backpack with a tropical pattern. The woman on the right has dark curly hair, wears sunglasses and a white t-shirt, and carries a colorful backpack with a tropical pattern. The background shows the ocean and a bright sunset sky. A large blue diagonal shape is overlaid on the left side of the image, containing the text 'Thank you' and a yellow parallelogram.

Thank you

