Coffee Trading on the Internet

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EVP of Business Development
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www.intercommercial.com
Advantages to Trading Coffee Via the Web

- Fosters New Business and Enhances Communications
- Reduces Paperwork and Costly Errors
- Convenience of One Stop Shopping for News, Information and Procurement
Business to Business Internet

- Online Physical Coffee Trading
- Online Services and Products
- Electronic Data Exchange
Online Physical Trading
Online Physical Trading Platform Highlights

- Same Old Contracts / Same Old Rules
  - Targeted Activity
  - Anonymous versus Confidential
- Communication & Other Features
  - E-mail, Instant messaging, Chat, News, Research
- New Products if they Add Value
  - Specialty Coffee & Gourmet Coffee, Auctions
- Starting Point for Electronic Data Interchange
Electronic Data Exchange
Data Transmission Methods

- One-to-One Transmission
  - FTP File Transfer
  - Corporate Web Sites
  - E-mail

- Messaging Systems & Web Platforms
Changing Methods of Data Management

### Data Exchange Methods
- Sea mail
- Air mail
- Cables
- Telephone
- Telex
- EDI (electronic data interchange)
- Fax
- E-mail
- XML-structured data via internet

### Data Capture Methods
- Pencil on paper ledgers
- Card-based systems
- Mechanical systems
- Punch cards on mainframes
- Keyboard Input
- XML-structured data via internet
### Simplified Example of Mapping Contract Data

<table>
<thead>
<tr>
<th><strong>JAVA ROASTING PURCHASE</strong></th>
<th><strong>GCA XML</strong></th>
<th><strong>ACME TRADING SALE</strong></th>
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<tr>
<td><strong>DATE:</strong> 09-06-01</td>
<td><strong>DATE OF ISSUE:</strong> 2001-09-06</td>
<td><strong>ID NO:</strong> 543-654</td>
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<td><strong>CONTRACT TYPE:</strong> EX-DOCK</td>
<td><strong>DATE:</strong> 2001, 09, 06</td>
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<td><strong>ORIGIN:</strong> GUAT</td>
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<td><strong>BUYER:</strong> JAVA ROAST</td>
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<td><strong>SELLER:</strong> ACME TRADING</td>
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<td><strong>PRODUCT:</strong> GUAT HB</td>
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<td><strong>ARBITRATION:</strong> GCA</td>
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<td><strong>QUANTITY UNITS:</strong> 69K BAGS</td>
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</tr>
<tr>
<td><strong>POSITION:</strong> DEC 01 DLY</td>
<td><strong>PRICE:</strong> 1.0500</td>
<td><strong>POSITION:</strong> DEL 12-01</td>
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<tr>
<td><strong>WEIGHTS:</strong> S/W ½</td>
<td><strong>PRICE UNITS:</strong> LBS.</td>
<td><strong>WEIGHING:</strong> S/W ½</td>
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<td><strong>PAYMENT:</strong> NET 30</td>
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<td><strong>PMT TERMS:</strong> NET-30 FM APPR</td>
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<td><strong>PRICE UNITS:</strong> US $/LB.</td>
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<td><strong>BASIS:</strong> XD</td>
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<tr>
<td><strong>LOCATION:</strong> MIAMI</td>
<td><strong>PRODUCT DESCR.:</strong> HARD BEAN</td>
<td><strong>CONTRACT:</strong> Green Coffee Assoc</td>
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</tbody>
</table>
Examples of Coffee Specific Standards

- Cocoa Contract
- Destination Declaration
- Price-Rolling Letter
- Price-Fixing Letter
- Advice of Shipment
- Sampling Order
- Warehouse Release
- Invoice (Pro forma and Final)
1. Avoid the costly alternative of replacing existing in-house software in order to exchange data electronically.

2. Reduce multiple re-entry of data along the supply chain.

3. Reduce data capture errors.

4. Reduce paper document handling costs.

5. Reduce telecommunications and courier expenses.
Benefits of Standard Documents and Contracts (Continued)

6. Enable seamless integration of new online services.
7. Facilitate online negotiation & confirmation of business.
8. Potentially speed up payment processes.
9. Enable automation of special reports (Bank collateral, warehouse inventories, pricing, risk position, insurance declarations, etc.)
Strategic Considerations to Online Services

- Can you afford to ignore it?
  - Competitive Edge or Disadvantage

- Leading Edge not “Bleeding” Edge
  - Web-based Interface make Change Easier / Cheaper

- Can Check Out New Products as they Become Available