

## Practical Management for Intangible Transfers of Software and Technology

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- ◆ Intangible Transfer
- ◆ Business Trends
- ◆ Regulations
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## Intangible Transfer of Software and Technology

- ◆ Past years:
  - Business trip with hand carried documents, manuals, software media
  - Foreign country visitor control
  - Telephone/Fax
- ◆ Recent years:
  - The above plus the following
  - E-mail, Intra/Internet, shared database
  - Work with foreign country engineers
  - Off-shoring to foreign countries



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## Characteristics of “Intangible” compared with “tangible”

- ◆ Difficult to manage
  - Invisible
  - Easy and quick transferable by e-media
  - Shipment control?
  - Who is exporter?
  - Who/What is end-user/use?
- ◆ Difficult to know
  - Transfer point of time
  - Route



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## Business Trends

- ◆ Off-shoring to foreign countries
  - Development and manufacturing sites shift to the most suitable countries
- ◆ Software download service
  - Internet or e-mail
- ◆ Use shared database with engineers abroad
  - Remote access from foreign countries
  - Deemed export



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## Software and Technology Control

- ◆ Stronger than hardware

Hardware	Software		Technology	
	development production	use	development production	use
weak control	strong control	weak control	strong control	weak control

- ◆ Computer, Telecommunication, Electronics

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## Management Strategy

- ◆ Basic Concept of Control
- ◆ Guidance
- ◆ Awareness
- ◆ Centralization and Escalation
- ◆ IT System

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## Basic Concept of Control

### Limited Area and Persons

- ◆ Controlled Technology should not be transferred outside of developments or manufacturing sites
- ◆ Deemed export should be considered in developments or manufacturing sites
- ◆ Controlled Technology should be strictly controlled such as physically separation, electronic access control, new hire review



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## Create practical case guidance

- ◆ Easy to understand
- ◆ Easy to select model case
- ◆ Must cover the recent trends
- ◆ Looks reasonable to proceed



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## Case Guidance

- ◆ Classification/determination and submit license
- ◆ The procedures to maintain the restricted conditions (shipment control)
  - Access control (username, password)
  - Put on/off the web
  - Reverse DNS
  - Automated DPL checking
- ◆ Feedback from analysis of the recent internal audit findings

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## Hitachi "Case Guidance" examples

Case	E-media	Control	Precautions
Domestic developments	Intranet/E-mail	Deemed Export	Access Control
Multi-countries developments	Shared Database	Export Deemed Export	Access Control
Automated Software Download	Internet	Export	Catch-All Screen

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## Awareness

- ◆ Awareness training of intangible transfer for engineers in the development sites such as foreign engineer visiting, off-shoring, software download
- ◆ Refresh periodically



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## Centralization, Escalation and Review

- ◆ Establish pre-transfer review system

- Monthly reporting  
From: R&D managers, marketing managers,  
manufacturing managers,  
human resources managers  
To: Export control manager

- Review reports in-depth by export control experts



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## Escalation

- ◆ Escalation procedures from development sites to export control experts for more in-depth review

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## Automated IT-System

- ◆ Transaction Screening Procedures
- ◆ Software download access control
- ◆ Share database access control
- ◆ Deemed export access control
- ◆ Transfer records

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## See and Feedback

- ◆ Conduct internal audit and feedback
- ◆ Modify guidelines to user-friendly
- ◆ Visit sites and Train for strengthen
- ◆ Do periodical check for awareness



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## Networking with Export Control Society

- ◆ Attend seminar or workshop with industry colleagues
- ◆ Talk with our colleagues such as government, law firm, export control manager in domestic and abroad
- ◆ Feel and establish a culture of compliance

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Thank you

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