

SAP Customer Success Story

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Franz Haegele, Project Lead Import and Export, Sigma-Aldrich



AT A GLANCE

Company Name

Sigma-Aldrich
(U.S.-based with global operations)
www.sigmaaldrich.com

Industry

Specialty chemicals

Key Challenges

- Manage huge volumes of customs clearance processes
- Accommodate German electronic transit and customs clearance system
- Process customs declarations quickly and accurately

Implementation Partner

SAP® Consulting

Solution and Services

SAP Global Trade Services, including the SAP Customs Management application

Existing Environment

SAP R/3® Enterprise, now available in mySAP™ ERP

Implementation Highlights

- Exceeded expectations
- Implemented on time and on spec

Key Benefits

- Completely automated processes
- Reliable information/time savings
- Ability to maintain status as authorized consignee
- Platform for Europe-wide customs clearance

SIGMA-ALDRICH

SAP® GLOBAL TRADE SERVICES SOLUTION HELPS SPECIALTY CHEMICALS GIANT SPEED EUROPEAN CUSTOMS CLEARANCES

It's one thing to promise a 95% (or more) service level for same-day retail shipping, but it's another thing to live up to that promise when you're delivering 85,000 products to 60,000 customers in more than 30 different countries.

That's the position Sigma-Aldrich was in when the giant chemical supplier brought in the SAP® Global Trade Services (SAP GTS) packaged solution and its SAP Customs Management application. Sigma-Aldrich had upgraded its SAP enterprise resource planning (ERP) software, and added SAP GTS as a means of keeping up with its customer-focused service-level promises.

“We did US\$1.3 billion in sales in 2003, but our average order line is just US\$200,” says Paul Hayes, information systems (IS) applications manager for Sigma-Aldrich. “So you can see that for us to be successful, we've got to be able to move lots of products very fast.”

CUSTOMS CHALLENGES

To simplify and standardize the transit procedures associated with the increasing flow of goods, the European Union (EU) implemented an electronic system called the new computerized transit system (NCTS). This system facilitates transit procedures through electronic communication with customs authorities. In Germany, NCTS forms part of the German automated tariff and local customs handling system (ATLAS).

Companies that want to continue to take advantage of simplified customs procedures must participate in NCTS. As an authorized consignee, Sigma-Aldrich belongs to this group of companies. To retain its status, and thereby expedite its customs clearance processes, the company needed ATLAS-accredited software to participate in NCTS.

Because Sigma-Aldrich has to handle huge volumes of customs clearance processes, the company also needed a solution that would enable it to process its orders quickly, and with a high degree of accuracy.

“Sometimes we experience very high inventory turnover,” says Franz Haegele, Sigma-Aldrich’s project leader for import and export. “For instance, some goods may be in stock for just an hour or two before they have to be shipped out. Fast customs clearance is critical for our business. Luckily, SAP GTS helps us automate the whole process.”

PERFORMANCE CRITICAL

Sigma-Aldrich uses SAP GTS as central system for its customs clearance processes in Germany. As Sigma-Aldrich has to be able to manage huge numbers of customs declarations via ATLAS, this can only be done through automation.

This means it’s critical that Sigma-Aldrich integrates its customs-management software with the company’s ERP system.

“Having a customs solutions from the same supplier as our logistics system was one of the main reasons why we decided to choose SAP GTS,” says Hayes. “SAP GTS is fully integrated with our SAP software.”

The other reason was the application’s stability and its ability to fulfill Sigma-Aldrich’s high performance requirements.

“For our 900 customs declarations, we send about 55,000 items a month with more than 2,800 different tariff positions through ATLAS to the authorities. Therefore we need a very robust solution,” says Haegele.

“. . . if SAP GTS spots a recurring error – say some items that have an incorrect tariff number – then it allows us to make the change to all the related items, without requiring us to go back and do it line by line.”

**Paul Hayes, Information Systems Applications Manager,
Sigma-Aldrich**

Each customs declaration requires SAP GTS to fill in required information such as legal data, authorization numbers, commodity codes, and so on, and to check for logical consistency – so that freight charges don’t show up if the product is marked for home delivery, for instance.

“Best of all, the entire process is automated and optimized to save time,” says Hayes.

“When product shipments come in, SAP GTS takes over data from our ERP software to create the customs document. Often SAP GTS even has the required information for a customs document ready before the goods have even arrived, as the data comes with the inbound invoice.

“This lets us transfer the goods into free circulation as soon as they arrive in our logistic center in Schnelldorf. In more than 95% of the cases, the result is same-day shipping.”

According to Haegele, “Even the customs officer at our main customs office has been surprised by the excellent data quality and speed of our customs process handling.”

ADDED TIME SAVINGS

In addition to automating the entire process, SAP GTS helps Sigma-Aldrich ensure information reliability and save time in other ways, according to Hayes.

For instance, SAP GTS knows exactly what the ATLAS system will ask for, so it can anticipate things such as complications on alcohol or certain other products in order to avoid callbacks by the authorities.

“For another example, if SAP GTS spots a recurring error – say some items that have an incorrect tariff number – then it allows us to make the change to all the related items, without requiring us to go back and do it line by line,” Hayes says.

LOOKING FORWARD

Thanks to the effectiveness of SAP GTS, and the expert assistance of SAP Consulting, Sigma-Aldrich is looking forward to implementing more SAP GTS capabilities in the future.

“SAP Consulting was a major factor in helping us get this and other SAP projects delivered on time and on spec,” says Hayes. “And with SAP’s commitment to future enhancements, such as the bonded warehouse, our own commitment to SAP as strategic IT partner will continue to pay dividends well into the future.”

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