

ABB improves strategic supply and demand chain management with Amber Road

Amber Road's Trade Planner enables ABB planners to explore different supply chain scenarios that take into account total landed costs and export & import regulations

The company

ABB is a leader in power and automation technologies that enable utility and industry customers to improve performance while lowering environmental impact. The ABB Group of companies operates in 100 countries and employs approximately 135,000 people.

Business drivers

- Support supply and demand chain decision-making for increasingly globalised procurement, production and trade
- Reduce transaction costs by utilising customs preferences under Free Trade Agreements (FTAs)
- Harmonise global procedures for trade planning while accommodating local requirements
- Support strategic planning by businesses and daily cross-border

activities of local entities

- Provide group companies with a centralised repository of trade-related legal and commercial information
- Facilitate processes for calculating total landed cost and responding to legal and trade-related inquiries from group companies and functions
- Safeguard privileged customs status such as Authorised Economic Operator (AEO)

The challenge

ABB, one of the world's largest enterprises, manages its international trade using a partly decentralised model. Day-to-day export control and customs are managed at the regional or country level, in coordination with local business unit and company administrators. This affords local independence and agility, while the Swiss based headquarter handles oversight and

Image above: Photovoltaic (PV) solar systems use semiconductor materials to convert light directly into electricity, using panels shown here from a 1-megawatt (MW) ABB-built solar module in Totana, Spain. The ABB module comes pre-assembled and factory-tested for rapid installation. ABB delivered, built and commissioned the Totana project in only four months.



Image to the right: Laying the Estlink HVDC Light cable 2x75 km. The cable connects Estonia with Finland.



Image above: ABB has a broad offering of robot-based automated packaging solutions, including specialised robots for picking, packing and palletising. We provide a wide range of standard robots for many applications, such as handling and packing wood panels, handling flat-pack furniture, doors and door frames, windows and widow frames and other wooden construction materials.

administrators rely on a combination of standard ERP

The Benefits

- Increased awareness and utilisation of preferential customs tariffs benefits in supply and demand chain decisions
- Faster and more accurate quotations for all modes of transport and Incoterms
- Visibility into total landed cost of any product, enabling improved sourcing and distribution
- Integration of trade compliance considerations in logistics processes
- Continued eligibility for privileged customs status due to legally compliant trading
- Improved operational efficiency in supply and demand chain management
- Reduced risk due to reliable, constantly updated information on import/export restrictions and landed cost

“Using Amber Road, there is now higher awareness and consideration of preferential customs tariffs, which improves strategic decision making.”
Dieter Wintergerst Responsible for

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integrity.

As ABB has become increasingly globalised, with production and procurement moving towards major markets, supply and demand chains have become more complex. In recent years, the ratification of new free trade agreements, the increasing importance of supply chain security, and the promotion in 2008 of Authorized Economic

Operator (AEO) designation have added further complexity. Globalisation also added risk as it became more difficult to stay current with dynamic trade regulations and requirements from numerous countries and entities, such as the EU, the UN and the WCO.

For supply and demand chain and trade planning, local export control and customs compliance

Image below: ABB engineers commission protection and monitoring equipment at a substation serving the Ras Laffan power plant in Qatar. Substation equipment provides monitoring and control functions in transmission and distribution grids, ensuring the reliability of power supplies.



Image below: Royal Caribbean’s Oasis of the Seas, the largest and most spectacular cruise ship ever built, completed its maiden voyage across the Atlantic Ocean in November, 2009, driven by an energy-efficient power and propulsion system delivered by ABB.





Image above: The Ras Laffan power plant and desalination works in Qatar. This is the largest installation of its kind in the country, with capacity to generate 2,730 megawatts (MW) of power, and produce more than 286,000 cubic meters of potable water per day.

export control, customs and origin, in the legal and integrity function ABB systems, proprietary tools, and spreadsheet-based manual procedures. This is costly and time consuming, and makes it difficult to keep information current. Moreover, those methods do not support scenario-based supply chain planning.

“It was difficult to calculate the total landed costs for projects and we had a hard time answering general inquiries from the group entities,” recalled Dieter Wintergerst. “We wanted to work with a centralised database of legal trade information and establish a process for collecting special trade information from across our organisation.” The goal was to institute ambitious supply and demand chain management processes that would support strategic planning as well

Image below: HVDC valves convert electricity from AC to DC, and vice versa. The power conversion is done with thousands of semiconductors arranged in precise formations, the goal being to lose as little power as possible during the conversion process.



as the daily cross-border operations, while accommodating the varying legal environments in individual countries.

The solution

ABB chose to implement two solutions from Amber Road: Trade Planner and Trade Wizards.

By providing detailed analyses and graphical comparisons of international shipping options, Amber Road’s Trade Planner enables ABB planners to explore different supply chain scenarios that take into account total landed costs, export and import regulations, preferential trade agreements, and more. It assists with landed cost calculations for both strategic planning and daily management of offers and orders.

ABB also uses Trade Wizards to back-up its restricted party screening efforts and to ensure documentation and legal requirements are met — reducing its commercial and legal risks.

Wintergerst noted, “We are legally compliant, which enables us to avoid penalties while supporting our efforts to ensure correct and ethical business and upholding our commitment to integrity. And, very importantly, this enables us to apply for and maintain an AEO status.”

The results

Since using Amber Road’s Trade Planner and Trade Wizards, ABB has seen opportunities in key aspects of its strategic supply and demand chain management. “There is now higher awareness and consideration of preferential customs tariffs, which enriches our strategic decision making,” said Wintergerst.

“Trade Planner gives us a way to evaluate options in our supply chain. For example, we

receive inquiries from businesses regarding suitable sources of raw materials like copper or aluminum for factories in various locations. Using Trade Planner we are able to explore issues such as tariffs and trade agreements to help make the right sourcing and distribution decisions.”

Day-to-day, the Amber Road solutions enable fast and accurate responses to requests from group companies. “We can supply fast and specific answers to our sales organisation and still be sure the landed cost is correct and that we comply with the relevant import and export restrictions.”

About Amber Road

Amber Road’s mission is to dramatically change the way companies conduct global trade. As a leading provider of cloud based global trade management (GTM) solutions, the company automates import and export processes to enable goods to flow across international borders in the most efficient, compliant and profitable way. Amber Road’s solution combines enterprise-class software, trade content sourced from Government agencies and transportation providers in 139 countries, and a global supply chain network connecting customers with their trading partners, including suppliers, freight forwarders, customs brokers and transportation carriers.

Amber Road deliver our GTM solution using a Software-as-a-Service (SaaS) model and leverage a highly flexible technology framework to quickly and efficiently meet our customers’ unique requirements around the world.

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