



# ABB Improves Strategic Supply and Demand Chain Management with Amber Road

## 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. Details are available from <http://www.abb.com/>.

## Business Drivers

- Support supply and demand chain decision-making for increasingly globalized procurement, production and trade
- Reduce transaction costs by utilizing customs preferences under Free Trade Agreements (FTAs)
- Harmonize 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 centralized 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 Authorized Economic Operator (AEO)

## The Challenge

ABB, one of the world's largest enterprises, manages its international trade using a partly decentralized 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 integrity.

As ABB has become increasingly globalized, 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. Globalization 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.

## The Benefits

- Increased awareness and utilization 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 export control,  
customs and origin, in the legal  
and integrity function  
ABB

For supply and demand chain and trade planning, local export control and customs compliance administrators rely on a combination of standard ERP 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 centralized database of legal trade information and establish a process for collecting special trade information from across our organization." The goal was to institute ambitious supply and demand chain management processes that would support strategic planning as well 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 organization 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 provides a single, on-demand platform that automates and streamlines global trade. By helping organizations to comply with country-specific trade regulations, as well as plan, execute and track global shipments, Amber Road enables goods to flow unimpeded across international borders in the most efficient, compliant and profitable way.

