



HIGH LEVEL OF CUSTOMS CONFORMITY AND LEGAL CERTAINTY IN FOREIGN TRADE

MAGNA automates preference processing with SAP-based add-on *SPEEDI* - worldwide roll-out

Preference processing in customs / foreign trade – mistakes can be expensive

If there is a preferential agreement between the country of origin and the country of destination, companies can make a duty-free or duty-preferred delivery. The processes required for this purpose are demanding and must be monitored regularly: from requesting and issuing long-term supplier declarations (LLE) to the preferential calculation to the issuing of certificates.

The preference calculation is the heart of the processing. It is a procedure that determines and proves the preferential origin of a product. It also offers the opportunity to identify possible price advantages in foreign trade. Incorrect preference calculations can, however, result in consequences under civil or tax law or have a negative impact on existing permits.

For the globally positioned industrial group MAGNA, preference processing is an important but also comprehensive complex of topics in the area of customs and foreign trade.

Manual calculation outside of SAP ERP – costly, error-prone and non-transparent

The MAGNA Powertrain plant in Lannach, Austria, manufactures complex powertrain and transmission systems. Deliveries are made to 28 countries, eight of which have preferential agreements.

SAP ERP could not adequately map the necessary requirements and processes for preference processing. In SAP ERP, for example, the calculation does not include a customs-compliant consideration of the invoice values over a reasonable period of time according to the “worst-case method.” Instead, the system uses moving average prices, which is explicitly not allowed by customs.

As a result of this gap, for a long time all processes in preference processing in the plant were primarily carried out manually: from requesting to managing to issuing documents (such as LLE). Excel lists were used for data preparation and calculation. The amount of work required was enormously high. As the number of agreements increased, it became more difficult for staff to keep the lists up



MAGNA International Inc. with its headquarters in Aurora (Canada) is one of the world's largest automotive suppliers with over 168,000 employees at 348 production sites in 28 countries. Its core business is the development and production of parts, systems and modules for the automotive industry. MAGNA's key competitive factor is the global supply chain. Many processes and IT systems in supply chain management have been standardized in recent years. MAGNA operates according to the basic principle “Think global, act local” - as is also the case in IT: Individual locations are managed independently by the local IT departments. The central IT departments draws up overarching guidelines and prepares IT solutions that are then made available to all locations.



Patrick Monschein

to date in order to ensure transparent and reliable preference calculation.

Patrick Monschein, SAP SD Analyst, MAGNA Global IT said: *"We ran the risk of violating customs regulations."*

In June 2019, MAGNA decided to standardize preference processing at the Lannach plant and automate it with IT support. Since this was not possible with SAP ERP, the company was looking for an add-on that would meet the following requirements:

- the greatest possible consideration of the MAGNA processes
- integration in SAP ERP
- fast, reliable implementation
- easy handling for the employees

Goal: a high level of legal security in the international goods trade SAP-based add-on SPEEDI closes process gaps in SAP ERP

MAGNA's primary goal was to achieve a high degree of legal certainty in preferential processing. Manual activities were to be reduced and the transparency of preference calculation was to be increased - also for the purpose of calculating price advantages.

The decision was made in favor of the SAP-based preference processing *SPEEDI* from the IT service provider WSW Software.

Patrick Monschein: *"The solution from WSW was simply ideal for us because it integrates*

seamlessly into our SAP ERP as a pre-configured SAP-based add-on and already meets many of our requirements in the standard version. We had already worked with WSW on various IT projects before. WSW is a very experienced implementation partner who understands us and provides reliable answers to our questions. We appreciate that."

Go-live with speed - *SPEEDI* implemented in three steps

The project started in August 2019 with a kick-off meeting of the key users, those responsible for global IT and those responsible at WSW. Existing processes were evaluated, a common understanding of the approach was created and target processes were defined. In the concept phase, the target processes were prepared and adapted in *SPEEDI*. The implementation comprised the three MAGNA core processes, which were implemented gradually:

- supplier-side request from LLE - introduced in 09/2019
- Preference calculation - introduced in 10/2019
- customer-side issuing of LLE - introduced in 11/2019

The final go-live in November 2019 went smoothly and according to plan. The gradual introduction had the advantage that the employees were trained during the project and were able to work with individual solution modules at a very early stage. During the

SPEEDI®

Smart comprehensive toolbox for SAP ERP and SAP S/4HANA

SPEEDI is a fully integrated solution platform for SAP ERP and SAP S/4HANA. *SPEEDI* makes it possible to automate, configure and parameterize call-off, ordering, delivery, invoicing and credit note processes quickly and easily. *SPEEDI* is a very good choice, especially for companies whose processes are not sufficiently covered by the standard SAP ERP (SD, MM, FI-CO, GTS).

The *SPEEDI* platform from WSW now has around 1,400 pre-configured functions - processes, monitors, reports, forms - all of which are release-compatible and can be seamlessly integrated into SAP ERP.

350 companies from the automotive, electronics, manufacturing and trade industries use *SPEEDI* worldwide.



implementation phase of the preference calculation, the LLE were already requested automatically.

Worldwide roll-out of *SPEEDI* – seven plants implemented on schedule

Following the successful go-live of the MAGNA plant in Lannach, the worldwide roll-out at other MAGNA plants was a done deal. The *SPEEDI* preference processing is now in use in seven plants in Austria, Germany and Slovakia. The project teams on both the MAGNA and the WSW side are well-rehearsed. The implementation for two further plants in Spain and Morocco is about to start.

Patrick Monschein: *“As an international listed company, we need the highest level of certainty that each plant is operating in compliance with customs regulations and that there is no threat of additional claims. WSW convinced*

us across the board. We now have a solution that saves us a lot of time and is extremely easy to use. The WSW solution has been so well received that a customs community has even been formed where knowledge and best practices are shared between the plants. Last but not least, our customers and suppliers appreciate the fact that we now have a uniform procedure for all LLE requirements - we simply appear more professional than before.”

Robert Rakaric, international sales representative at WSW Software: *“The project was fun. The biggest challenge was the large number of data sets; Adobe Interactive Forms had reached its limits. We have solved this by optimizing the interface and making some form adjustments. The standardization also had the advantage that all master data, such as statistical commodity codes, preference zones or rules, are now kept up to date.”*

