



SAP TM in the passenger car segment

Increased transparency in freight cost management



“Together with Camelot we were able to implement a standardized, transparent passenger car freight billing process – without technical or functional disruptions. Costs were reduced while data quality increased.”

Dr. Kirsten Commer
Project Lead, BMW Group

Objectives

“Number ONE” is the branding of the corporate strategy BMW Group established to lead business areas to efficiency and long term value add . Logistics, being a crucial business area, and freight cost management as a part of it, is using this strategy for the management of 80 suppliers who transport vehicles from production site to distribution centers – either by land, by air or sea.

In 2011, 1.7 million passenger cars were routed to their final destination – plus special freight transports for special vehicles like preproduction prototypes.

BMW Group regarded the adaption of new logistic concepts in freight cost management as a challenge. The former IT solution, an inhouse development, did not have the functionalities to meet all requirements. End-to-end processes for freight cost billing were not fully covered. Software technologies and hardware were outdated and important know-how of technical and functional support slowly disappeared. A new IT solution was stringently required as BMW planned to expand its business – with freight cost billing volume to further extend.

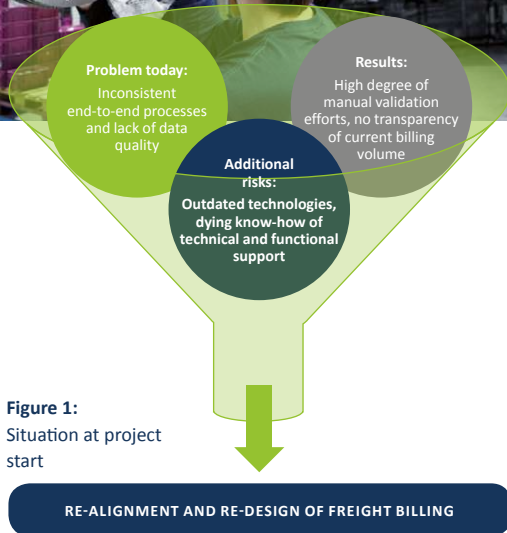
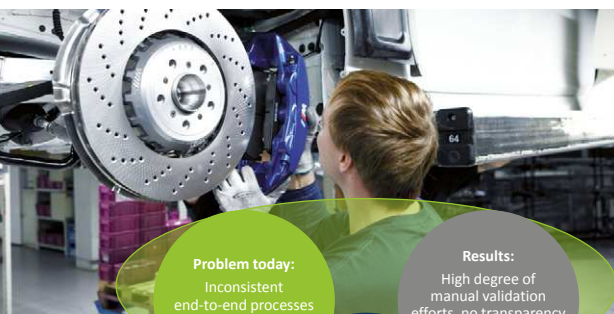
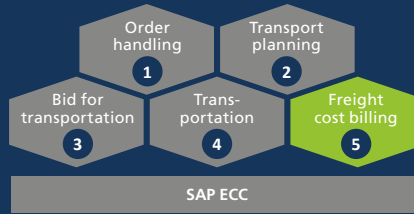


Figure 1: Situation at project start

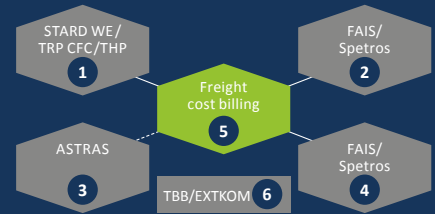
Figure 2: SAP standard and BMW’s implementation requirements

SAP TM CONCEPT



- ▶ SAP TM includes all functionalities of an integrated transport management solution
- ▶ The consistent document flow concept follows a stringent end-to-end process
- ▶ State of the art technologies meet customer’s requirements

BMW SCENARIO



- ▶ Most TM functionalities stay in existing systems
- ▶ Possibility of a consistent document flow concept through high degree of interfaces
- ▶ Freight order the central object of freight cost management

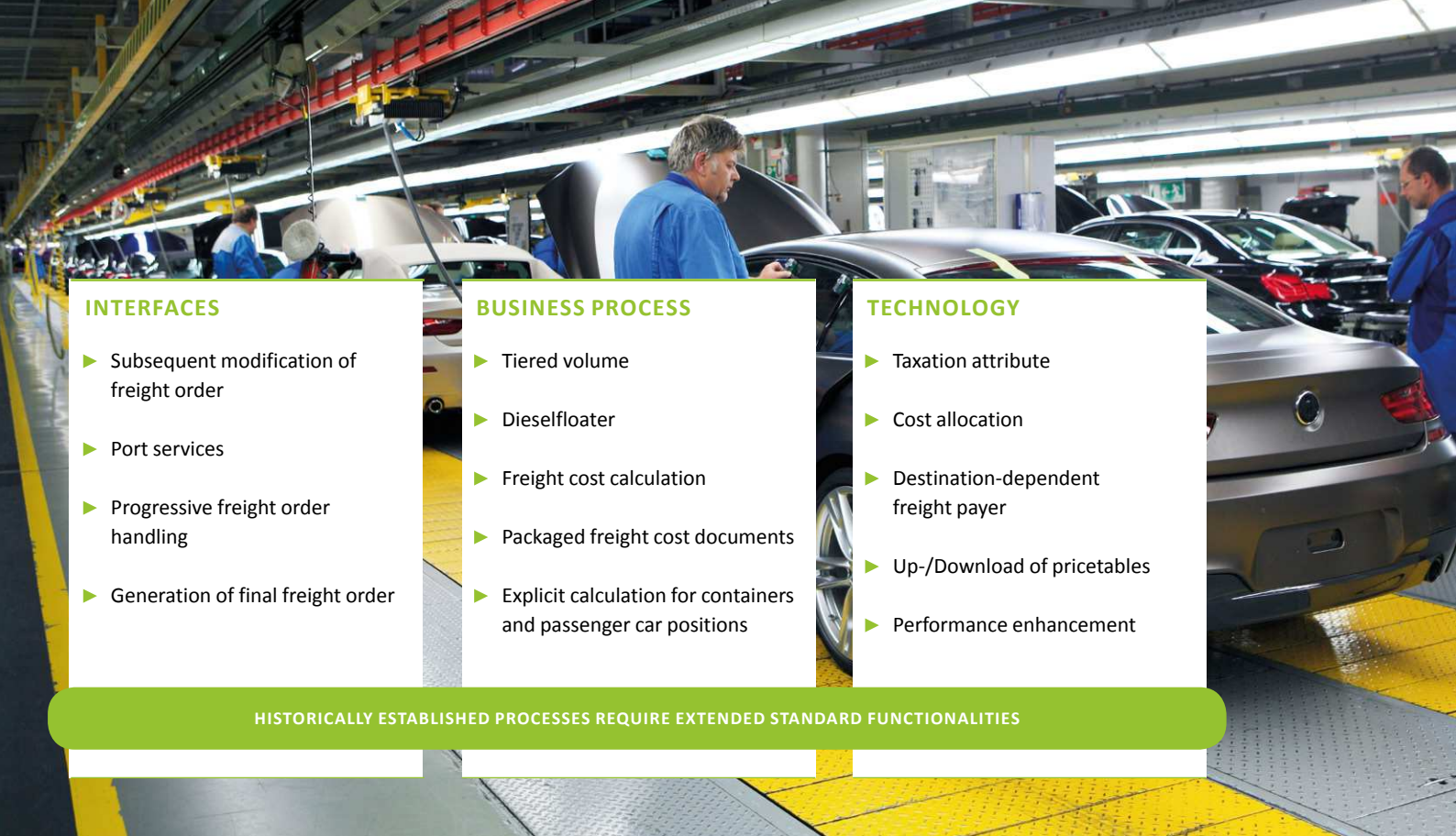
The Solution

BMW’s choice of SAP Transportation Management as its favoured platform for freight cost management is fully integrated into an existing SAP solution landscape for planning, purchase, billing and transport services. To minimize efforts in invoice verification, services are billed via credit item procedure. In certain cases invoices are published to suppliers via platform for download and further financial processing. Being one of the first roll-outs, go-live for SAP TM 8.1 was in June 2012. BMW was looking for an implementation partner who had combined expertise in products, end-to-end processes in supply chain and freight cost management.

Camelot is a process-oriented IT consultancy with proven track in SAP SCM and SAP TM.

Camelot supported SAP AG during the implementation of SAP TM 6.0, SAP TM 7.0 and SAP TM 8.0 prototypes. Camelot’s expertise was also requested by SAP AG for the implementation blueprint of SAP TM at BMW in 2011. BMW chose Camelot as its implementation partner and the established project teams cooperated closely – from blueprint phase to final business concept. Two main challenges had to be mastered: new technologies which bases SAP TM and a close time frame given.

Due to a strict project management approach, with progress and milestones to be monitored every two weeks, the new solution for freight cost management was implemented within 7 months. BMW’s and Camelot’s team consistingly exchanged for setting up test systems and live demonstrations to eventually co-create the final solution design.



INTERFACES

- ▶ Subsequent modification of freight order
- ▶ Port services
- ▶ Progressive freight order handling
- ▶ Generation of final freight order

BUSINESS PROCESS

- ▶ Tiered volume
- ▶ Dieselfloater
- ▶ Freight cost calculation
- ▶ Packaged freight cost documents
- ▶ Explicit calculation for containers and passenger car positions

TECHNOLOGY

- ▶ Taxation attribute
- ▶ Cost allocation
- ▶ Destination-dependent freight payer
- ▶ Up-/Download of pricetables
- ▶ Performance enhancement

HISTORICALLY ESTABLISHED PROCESSES REQUIRE EXTENDED STANDARD FUNCTIONALITIES

Results

BMW was able to implement a standardized, transparent passenger car freight billing process – without technical or functional disruptions, clear responsibilities and less manual validation efforts. Costs were reduced while data quality increased. Through enhanced evaluation methods, decision makers quickly gain an overview of a suppliers' services and billing volume. Mapping of freight contracts and according price combinations were simplified. Tax calculations for passenger car transports and transport sections in various countries are now available at the push of a button.

The biggest benefit for BMW's IT department is the fall back on internal know-how for administration and support of SAP TM and regular functional software updates.

A potential solution upgrade in the future is not an obstacle anymore: Even though a high degree of individual processes in passenger car freight cost management was maintained SAP TM Releases are installed easily.

Outlook

After the successful project phase for passenger car distribution, BMW will conclude the upcoming project phase with Camelot. Objective is the optimization of freight management for billing scenarios "Factory Supply Production Material" and "Spare Parts Transport" based on the latest release.

Figure 3:
Functional extension of freight cost management in SAP TM

Freight Cost Management based on SAP TM

AT A GLANCE

- ▶ Consistent automation of freight cost management
- ▶ More transparency
- ▶ Increased data quality
- ▶ Improved analysis
- ▶ Less manual validation
- ▶ Less manual data entry (Dieselfloater calculation /Up-/Download)
- ▶ Cost- and time-saving
- ▶ Improved mapping of freight contracts
- ▶ Variety of price combinations in standard solution
- ▶ Releaseability despite high degree of BMW specific processes



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