



TCS Streamlines Operations Across Eimskip with SAP, Enabling Single Customer Service Window

Offering

SAP IMPLEMENTATION

Customer

EIMSKIP

Industry

TRANSPORTATION & LOGISTICS

Consolidation, globalization and ever-increasing service level requirements have encouraged smart companies like Eimskip to streamline operations. Earlier, Eimskip was fighting tight timelines with nonuniform processes, and multiple customer service channels. More than 100 legacy systems led to high maintenance costs as well. Eimskip decided to do away with disparate systems to have uniform business processes, streamlined financial processes and single customer service window.

TCS worked with Eimskip to implement SAP across the group. The first phase covered the Order to Cash Implementation, followed by Financials and Strategic Enterprise Management.



TATA CONSULTANCY SERVICES

For Eimskip to continue as the supplier of choice of internationally competitive, high quality transportation and logistic services, uniform processes across the enterprise was a prerequisite. This involved reducing the number of legacy systems, replacing spreadsheets, integrating financials & accounting processes and deploying a common platform that could speed up enterprise-wide operations. While lesser number of systems would mean decreased maintenance costs, streamlined processes would lower transaction costs as well.



PROJECTED BENEFITS

- Decreasing maintenance costs of the present set up from 1.2 % to 0.85%
- Reducing the employee strength in Accounts and Treasury departments by about 20%
- Achieving monthly closing of financial accounts within 10 days instead of the earlier 25 days
- Eliminating data entry duplication
- Reducing administrative overhead, enabling staff to focus on analytical issues rather than transactions
- Ensuring better decision supports
- Streamlining processes and reducing waste

CUSTOMER PROFILE

Eimskip is a leading transportation and logistics company in the North Atlantic and a key international player in temperature-controlled cargo. The company believes in building long-term relationships with its customers and is committed to offering high quality, value-added services tailored to customer's requirements. Eimskip employs more than 3,000 people, two-thirds of whom work in other countries than Iceland.

SOLUTION

The TCS team has adopted a phased approach for the SAP implementation to minimize risks associated with a business that is spread across 15 countries. With a reliable project approach methodology coupled with robust system integration capabilities, TCS as a trusted partner will provide support to entire landscape; while fine tuning the performance of the existing SAP R3 systems. The Order 2 Cash cycle will incorporate all the end to end transportation services of this organization from 'Pre-carriage', 'Sea freight' to 'On carriage', 'warehousing' etc. While 'ocean freight' will be covered in the first phase, the next stage will incorporate 'inland transport', 'airfreight' and 'general forwarding business'.

Need to Battle Dissimilar Systems, Increasing Costs

Eimskip has had a meteoric growth from being a shipping line to a total transportation and logistics company, expanding its presence in refrigerated cargo trades as well. Its mission has been to grow shareholders' value through developing internationally competitive business in industries critical to Iceland's future, especially in the field of transport and other selected industries.

With 50 offices in 15 countries, Eimskip has rapidly metamorphosed into a huge company. While business growth brought in numerous systems and processes, along with it came non-uniform processes across the enterprise. By using spreadsheets, the staff spent considerable time and effort in financial consolidation of 55 legal entities. Manual processes led to delays in monthly, quarterly and yearly closing. There was no proper treasury system either. The logistics service provider was reeling under escalating costs of maintaining around 130 legacy systems. Lack of centre-wise cost and profit figures and information system left the managers to struggle through their decision-making processes. Besides, there was no mechanism to measure corporate performance through KPIs. Lack of a common data repository led to redundant customer and vendor master data. The management was concerned over the inability of having a single window for customer services involving different legal entities. Moreover, the organization had to battle the performance issues of existing servers.

TCS Facilitates Complete Business Restructuring

As long time partners of SAP, TCS has been providing enterprises with services across the SAP solution space, helping enterprises across industries to gain significant efficiencies and achieve enhanced profitability. So when this transportation company decided to replace multiple systems with a common platform, it relied on TCS' deep industry expertise, operational excellence and technical depth to build the right solution that would address its business objectives.

The TCS team has adopted a phased approach for the SAP implementation to minimize risks associated with an implementation of this scope for a business that was spread across 15 countries. While the first phase will cover Order 2 Cash processes and Financials implementation for Icelandic entities followed by Strategic Enterprise management (SEM) to take care

of Financial consolidation (BCS) as well as HR analytics (CPM), the next phase will see the rollouts across the group.

The Order 2 Cash cycle will incorporate end to end transportation services from 'Pre-carriage', 'Sea freight' to 'On carriage', 'warehousing' etc. While 'ocean freight' will be covered in the first phase, 'inland transport', 'airfreight' and 'general forwarding business' will be incorporated in the next stage. Defining single chart of accounts and profit / cost center hierarchy will lay the foundation for uniform processes. A common master data on customer and vendor information will impart the management with more control of the information. The business consolidation exercise is slated to cover all 55 legal entities of the group. The first phase of this exercise will use all data uploaded through spreadsheets while the next phase will extract data from the SAP R3 systems.

Using SAP's Solution Manager, the TCS team will centralize the solution management platform, standardizing processes across locations more easily.

Streamlined Processes, Reduced Overheads

Integration of invoice approval system (FAKTA) with SAP has ensured better control of invoice payments. The new system is expected to bring down the high cost of maintaining the present setup from 1.2 % to 0.85%. The transportation company will be able to achieve the target of monthly closing of financial accounts within 10 days instead of the current 25 days cycle. Standardized processes across the group will provide the management with a group wide view of information system, which will aid quick and accurate decision-making. Timely closure of books of accounts and preparation of financial statement for onward timely submission to stock exchange, tax authorities etc, are expected.

With easy-to-use interfaces, the integrated solution will ensure better information sharing. Implementation of cash management of treasury, liquidity forecast and cash concentration will be automated. The existing R/3 system will also be upgraded to the latest version eliminating system performance issues.

With technologically superior systems in place, the transportation company will succeed in aligning better with its mission of providing customers with high-quality, value-added service.

Organizations need to continuously adapt and evolve their systems and processes to be able to respond to the changing market environments they operate. In a bid to strengthen competitive advantage, organizations look for end-to-end technology solutions that encompass systems, processes, people and the extended enterprise. To be able to use technology intelligently and cost-effectively, it becomes essential for companies to leverage the expertise and insight of able technology partner. With the largest SAP teams in Asia, TCS is well equipped with both experience and resources to help transform the way you run business.

About SAP Practice

A dedicated SAP practice of 2,100+ consultants focuses on implementing, optimizing and enhancing the value of the investment global organizations make in SAP. TCS has developed two Powered-by-NetWeaver Solutions and is committed to help customers achieve agility in their business through transformation.

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About Tata Consultancy Services

Tata Consultancy Services (TCS) is among the leading global information technology consulting, services and business process outsourcing organizations. Pioneer of the flexible global delivery model for IT services that enables organizations to operate more efficiently and produce more value, TCS focuses on delivering technology led business solutions to its international customers across varied industries.

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