

— From Dubai to Panama: ensuring compliance in construction exports





Presidential Palace in Abu Dhabi: one of BAUER's prestige projects. Most of the heavy-duty rotary drilling rigs are custom-made for each construction project.

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BAUER machinery is used at major construction sites around the world to prepare foundations that last. Since 2009, the BAUER Group has turned to Stuttgart-based software developer AEB to manage its logistics IT, laying a solid foundation to ensure compliance in imports and exports.

Drilling, cutting, sealing – this is the daily routine at any construction site. But the buyers of BAUER machinery have larger visions. The market leader for foundation engineering equipment builds drilling rigs and trench cutters that you won't find in a basement workshop or hanging on the wall of your local hardware store. The showroom for BAUER machinery and equipment is a 12-hectare open-air site in the Bavarian town of Aresing, some 50 km west of Munich. Visitors can view about a dozen of the 25- to 30-meter-tall giant yellow heavy-duty rotary drilling rigs, trench cutters, foundation engineering and grab systems, and industrial vibrators – equipment that is often custom-manufactured for specific projects. The projects that call for the use of such equipment are often larger than life as well.

Lumpur, the metro in Dubai, the deep water port in Panama, Hinze Dam in northeastern Australia, the heart of Doha – a newly designed, 350,000-square-meter district in Qatar – and Burj Chalifa, the tallest inhabited structure in the world with 200 floors and a height of 828 m. BAUER's specialized equipment is in demand wherever foundations for skyscrapers and underground parking garages are built, dams are sealed, and concrete pilings are driven into the ground – whether underwater or in the desert. The equipment is manufactured in the Bavarian plants at Schrobenhausen, Aresing, and Edelshausen and in select offshore production sites. In Germany, most shipments are handled by the Schrobenhausen plant – including 17,600 of 25,200 total shipments sent from the German subsidiaries in 2011. The largest contingent of shipments – 42% – is sent outside the EU, while 30% remain in Germany and 28% go out to other EU countries.

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The list of BAUER's prestige projects includes the Twin Towers in Kuala

Since 2009, BAUER has managed the shipping and export of all its consignments using the ASSIST4 software suite developed by Stuttgart-based AEB. ASSIST4 serves the divisions of BAUER Spezialtiefbau GmbH and BAUER Maschinen GmbH as well as 17 BAUER subsidiaries in Germany, including SCHACHTBAU Nordhausen, KLEMM Bohrtechnik, EURODRILL, and GWE pumpenboese. Seven subsidiaries manage their own imports and exports with ASSIST4, while Schrobenhausen manages the customs processes of ten others centrally.

The size and volume of shipments can vary greatly – from 100 grams for a document or small replacement part to a construction project consignment weighing up to 100 tons. One such shipment – the largest ever in the history of the BAUER Group – took place in June 2011 when a TBA 300 deep drilling rig began its journey to Venezuela in 76 consignments. “When the rig is assembled for oil or gas extraction, it weighs 300 metric tons,” relates logistics director Rudolf Henning. The documents that must accompany this shipment are not so heavy. “But the stack can still fill a few binders,” Henning adds.

In 2008, BAUER went looking for specialized software that could handle the task of managing its shipping and exports. The point was not only to make sure every detail of these shipping documents was accurate but also to find a solution that covered as much of the logistics operations as possible. The logistics department under the management of director Rudolf Henning and project manager Agata Müller was assigned with finding the right software. “The tipping point that finally induced

us to look around for a solution was definitely the electronic export control requirements that took effect in July 2009. But we also sought to optimize the



Since 2009, all the German companies in the BAUER Group have managed their exports and shipping using the AEB software suite.

entire logistics and shipping process and make compliance part of the system. We put together a very detailed spec sheet.”

Since July 2009, nearly all German companies in the BAUER Group use the AEB software suite for imports, exports, compliance and sanctions list screening, and German and EU export controls. Preparations are underway to introduce the freight management module as well.

“Bringing control and compliance to our processes”

Since the AEB software went live, the logistics processes are automated and standardized. “The AEB software has given us the peace of mind that we’re in full compliance with all laws and regulations,” says logistics director Henning. The software logic ensures that all necessary information is complete.

This does more than make sure the paperwork is in order, as important as that is, Henning emphasizes: “Before, a lot more manual intervention were

required. Now, the workflows are automated, more systematic, and thus more efficient. The software prevents errors, so we have improved the quality and accuracy of our shipments since we began using the AEB software.”

Ensuring global compliance

The company management is liable for violations of the Foreign Trade and Payments Act, so the topic of “compliance” is high on the list of priorities for a global enterprise with over 120 subsidiaries worldwide. In 2010, the corporate headquarters in Schrobenhausen approved the worldwide rollout of the AEB

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compliance solutions, putting in place a global IT security network. By the end of 2011, over 30% of all 120 subsidiaries – including those in Europe, the United States, and the Middle East – were connected to the Compliance Engine installation in Schrobenhausen. ATC :: Compliance, the compliance solution integrated into SAP/R3, is used by all the subsidiaries running SAP/R3, including American and Chinese companies in the BAUER Group.

Logistics director Rudolf Henning and project manager Agata Müller are aware of the importance of including US sanctions lists in the automatic compliance screening. That's because US export control laws claim extraterritorial jurisdiction. US law follows the goods, so to speak. "For a global enterprise like BAUER, it is extremely important to comply with US sanctions lists," notes Henning. "An unintended violation would have drastic consequences, including for the management team here at home. So it is in the interest of the BAUER Group to ensure that every subsidiary runs compliance screening. Deploying a compliance solution means we're always on the 'safe side'."

So far, the German companies have also been using AEB's Export Controls solution in SAP/R3. "We have plans to expand our license to include the US Export Controls module," explains Agata Müller. "Since we do business around the world, we always need to pay



The 12-hectare open-air site in Aresing, where the drilling and cutting equipment is assembled. Some 42% of all shipments are exported outside the EU – largely to plants in China and the US.

attention to US export controls. Up to now, this screening has been conducted manually. With the AEB module, we want to automate this step as well."

Complex freight management

Another area poised for greater automation is freight management. The BAUER Group plans to deploy AEB Transport & Freight Management to manage the entire transport chain – from quotes to order processing – for consignments of all sizes.

BAUER has partnerships with a dozen regular carriers and parcel services. "Currently, we still have to check every invoice we receive against the quote," says project manager Müller. "We want to move away from manual processes to automated freight cost control. This means entering the sometimes rather complex quotes in the software."

"We often work with more than one carrier to ship a project," adds logistics director Henning. "We in the logistics departments essentially function as a service provider for BAUER Maschinen and BAUER Spezialtiefbau. Not only do we want to let our colleagues know

what kind of freight costs to expect, we're also responsible for managing the shipment at the agreed price. For this, we need a reliable control tool. We're looking to the AEB solution to satisfy our complex requirements."

There are also plans to connect to BAUER's in-house freight exchange. The IT project to implement ASSIST4 Transport & Freight Management is already in full swing. The system will be ready to use in the fall of 2012, says Henning.

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At a glance

Customer

- Name: BAUER Group (BAUER Spezialtiefbau, BAUER Maschinen, BAUER Resources)
- Industry: Machinery and equipment
- Employees: 9,700
- Revenues: €1.4 billion

Challenges

- Logistics processes dominated by manual processes
- Corporate decision: each subsidiary is to conduct a compliance screening
- Significance of US re-export law acknowledged: unintended violation would have drastic consequences

Solution

- Implement ASSIST4 Customs Management and Compliance & Risk Management
- Link all 120 subsidiaries to the Compliance Engine
- American and Chinese businesses use ATC :: Compliance
- By fall of 2012: implement ASSIST4 Transport & Freight Management

Results

- Control and compliance in processes
- Automated, standardized workflows
- Excellent quality control of shipments achieved
- Error-free processing and correct documents
- Global compliance: adherence to export control regulations