

Success Story

Tosoh Europe B.V.

## — Tosoh B.V. Achieves Transparency and Compliance with ATC :: Export Controls from AEB



Software, consultancy and services for global trade and supply chain management

**AEB** ■■■■



The Tosoh factories in Japan have the size of small cities.

## — Systematic Peace of Mind

**Tosoh Europe B.V. is a Netherlands-based supplier of chemical products to the EU, the Middle East, and Africa. The European subsidiary of Japan's Tosoh Group takes compliance with export control regulations very seriously. The company partnered with AEB to implement an IT solution that ensures efficiency and legal protections in equal measure.**

Almost no other industry has supply chains as complex as those in the chemical industry. There are many reasons for this: The production and supply networks are global in nature. The products must meet the utmost standards of quality and safety during manufacturing, transport, and storage. And then there is the abundance of laws to comply with – hazardous goods regulations, for example, but also export controls. The international character of the supplier relationships in the chemical industry and the variety of potential uses for chemical products means that managers really need to stay alert when it comes to compliance and export controls.

Tosoh Europe B.V., based in Amsterdam, takes these responsibilities seriously. “Compliance is a top priority at Tosoh. This creates a strong need for transparency and visibility,” emphasizes Lars J.T. Droog,

Manager of Supply Chain & General Affairs at Tosoh Europe. Tosoh Europe B.V. is the European subsidiary of the Tosoh Group, a global chemical giant based in Japan with 12,000 employees. Tosoh has a broad presence in the chemical industry, manufacturing and selling everything from basic and specialty chemicals to diagnostic systems and materials for the semiconductor industry. “You can actually find our products everywhere,” says Droog. There is a significant difference between Tosoh Europe and the parent company. Whereas the parent company accounts for a large share of the value added, Tosoh Europe outsources heavily to service providers for processes such as customs clearance, warehousing, and transport. The relatively small core staff at Tosoh Europe focuses on the core processes and on managing the business. Tosoh also has production sites in

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Europe, including in Greece and the Netherlands. But most of the products that Tosoh Europe sells come from plants outside the European Union. The chemicals are either shipped directly to the customers or put temporarily into hazardous goods storage (bonded or non-bonded) in Tosoh's EDC in the Netherlands or other regional warehouses in EMEA before being packed and shipped as needed to fulfill customer requirements. Droog explains the distribution channels: "We sell a lot in the EU, of course. But we also have customers in other European countries such as Russia, as well as in Africa and the Middle East."

### **Tosoh's goal is full compliance**

This complex web means that Tosoh Europe has foreign trade compliance obligations that go beyond merely screening against EU and US sanctions lists of entities and individuals. When shipping outside the EU, Tosoh also has to check the US and EU's product lists and embargo lists. Chemicals that were previously imported from the US are also subject to US re-export law. Last but not least: As the subsidiary of a Japanese company, Tosoh Europe also screens against Japanese lists. "Our goal is full compliance," Droog stresses. Tosoh Europe was equally thorough in selecting an IT solution for export controls and sanctions list screening. The goal of the project was to automate the extensive export control checks and integrate them efficiently into the overall process. That's why Droog and his team wanted more than just software with a powerful screening algorithm. They wanted a centralized solution that also includes the content – the current versions of the various sanctions lists and always be compliant with export control regulations. One more requirement: The compliance software also needed to

integrate easily into the SAP® system that Tosoh Europe introduced in 2013. Following a selection process involving multiple solutions, Tosoh Europe decided on ATC :: Compliance Screening and Export Controls from AEB. The solution satisfied all the technical specifications, and AEB was also able to provide the necessary content in the form of a data service that keeps the lists up to date at all times. Another advantage of ATC :: Compliance Screening and Export Controls: The solution integrates directly into SAP® through a standard plug-in. This means that the screening runs in the background – and employees can work in their familiar SAP® environment without switching back and forth between two systems. AEB scored high marks in another area as well: "The sales cycle was especially customer-friendly. The AEB sales representatives personally presented their system in great detail and went above and beyond to accommodate our needs," says Droog with satisfaction. The decision to go with ATC :: Compliance Screening and Export Controls was followed by a two-month project phase that included deployment of the solution, training of the personnel, and extensive testing. Checking the customer master data against the screening lists before the actual go-live in January 2017 turned out to be a good idea. That made it possible to clear up apparent matches outside of the pressures of day-to-day operations.

### **Every order is routinely screened**

Tosoh repeats this check of the complete customer master data on a regular basis. In addition, every order and every shipment is routinely screened. The same applies to direct shipments to customers from the overseas plants that Tosoh Europe manages and to shipments from the warehouses or the European production sites.

The product classifications such as the export control classification number (ECCN) that are needed for automatic screening are stored directly in the material master data of the SAP® system. Saving or modifying an order in the SAP® system triggers the control process. The screening runs in the background, so users don't normally notice it at all. "It was very important to us that nothing compromise the efficiency of our processes. Our experience so far has been positive," says Droog. The workflow is interrupted only where required by law: if a transaction requires a special procedure or verification under export control law. Only then will the screening solution present his findings to the user in SAP

### **Automatic notification by e-mail**

If such a "match" occurs, those responsible for export controls are notified by e-mail. The experts check whether the restriction actually applies, whether it's necessary to obtain a license from the authorities, or whether the match is a "false positive" (due to a similarity of names, for example). The transaction remains locked until the matter is clarified and the transaction can be approved by the appropriate persons. For Lars J.T. Droog, the end result has been positive: "We are very pleased with the solution, but also with the support that AEB provided during and after the project phase. We have complete visibility of all business transactions subject to screening and export controls and can document this in the system."

### **AEB Success Story Tosoh Europe B.V.**



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## At a glance

### Customer

- Name: Tosoh Europe B.V.
- Industry: Chemical
- Global headquarters in Japan, regional EMEA office in Amsterdam
- Founded in 1935, 100 subsidiaries and 12,000 employees worldwide
- Revenues: ¥753.7 billion (ca. €7 billion) in 2015/2016

### Starting point

- Goods sold by Tosoh Europe B.V. from Tosoh's global production to customers in Europe, the Middle East, and Africa
- Direct supply of customers from production and storage facilities; shipments from storage sites
- Need for screening against restricted party lists of EU, US, and Japan; need for product list screening
- SAP® ERP system in use

### Solution

- ATC :: Compliance Screening and Export Controls, integration into SAP® through a standard plug-in
- Regular master data screening, real-time screening of sales orders and deliveries
- Automatic list updates

### Result

- Compliance with export control regulations from three different jurisdictions (EU, US, Japan)
- Automated background screening that doesn't impede workflows
- Smooth project with on-time rollout
- Automatic notification of appropriate personnel when matches are found