UNILEVER BRAZIL

COMPLYING WITH REGULATIONS USING SAP® BusinessObjects™ ELECTRONIC INVOICING FOR BRAZIL

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Roberto Galafassi, Project Manager for NF-e, Unilever

QUICK FACTS

Company
- Name: Unilever Brazil
- Location: 12 factories in Brazil
- Industry: Consumer products
- Products and services: Home, personal care, and food products
- Revenue: US$6.2 billion (2009)
- Employees: 12,000
- Web site: www.unilever.com.br
- Implementation partners: Accenture, SAP® Consulting, HP, Neogrid

Challenges and Opportunities
Comply with fiscal requirements for Brazil's Nota Fiscal Eletronica (NF-e) regulation for electronic invoicing

Objectives
Implement a solution to enable full, cost-effective compliance with NF-e

SAP Solutions and Services
- SAP MaxAttention™ services
- SAP Consulting services for implementation and spot support
- SAP BusinessObjects™ Electronic Invoicing for Brazil (SAP BusinessObjects Nota Fiscal Eletronica) application

Implementation Highlights
Excellent communication between Unilever and SAP, resulting in a combination of functional expertise, development knowledge, and flexible offshore support delivered by SAP

Why SAP
- No one knows the software better than the supplier
- Trusted advisor
- Support for business backbone
- Best understanding of functional and technical possibilities of the software
- Dedicated team with continuous engagement with Unilever

Benefits
- High-quality solution that meets Unilever's business need, now and in the future
- Competitive advantage over companies that don't have a similar solution
- Penalties from the Brazilian government avoided
- Colleagues in other countries able to profit from experience and skill

Third-Party Integration
- Database: SQL Server
- Hardware: HP
- Operating system: Microsoft Windows

Unilever

SAP®

Unilever brands are part of everyday life. With 400 brands spanning 14 categories of home, personal care, and food products, no other company touches so many people's lives in so many different ways. In 2009 new government regulations required the company to update the SAP® ERP application to meet the Brazilian government's requirement for electronic invoicing. SAP Consulting assisted Unilever Brazil with the implementation of the SAP BusinessObjects™ Electronic Invoicing for Brazil (SAP BusinessObjects Nota Fiscal Eletronica) application.

Replacing Hard-Copy Documents with Electronic Versions

Today Brazil has the most advanced (and certainly the most stringent) set of requirements in global e-invoicing – known as Nota Fiscal Eletronica (NF-e). Unlike some EU countries, which in most cases still allow unsigned business-to-business transactions between parties, Brazil imposes a defined electronic standard format that all companies must adhere to.

The NF-e requirements will gradually replace conventional hard-copy invoices with electronic counterparts that must be digitally signed and shaped into a particular government-specified XML format. This new XML invoice is integrated into daily business operations. For example, before goods can be released for movement to a location outside the current premises (either at Unilever or a third party), the XML file must first be transmitted to the state ministry of finance for review and approval. Once approved, the official file is transmitted back to the company for archiving (up to five years). Then when the invoice is actually generated, a copy of the XML version is posted in a site where all customers can access it.

Finally, a copy of the XML invoice must also be converted into a human readable format, which must be printed and carried as part of the documentation pack accompanying the shipment. At any point along the way, the truck can be pulled aside by police or customs officials, who will scan the bar code on the printed document to validate that the goods' movement has been sanctioned by the government. There are additional responsibilities and requirements at the receiver's end as well.

Since most ERP warehouse and logistics systems were obviously not designed for such an extensive regulation, there is a huge need for companies in Brazil to find add-ons or extensions to their IT systems to handle these requirements. To avoid excessive delays, these systems must work in real time as nearly as possible, and they must provide for smooth data entry.

Meeting the New Government Requirements

Unilever Brazil uses SAP ERP for most of its primary processes. So to comply with NF-e requirements, Unilever contracted SAP MaxAttention™ services. SAP Consulting and SAP partner Accenture assisted in the implementation of SAP BusinessObjects Electronic Invoicing for Brazil. SAP Consulting also delivered spot support.

Roberto Galafassi, project manager for NF-e at Unilever in Brazil, describes the specific project objective: "Due to the new regulations, all sales must be previously approved by the Brazilian government. The government uses our billing documents to analyze whether our customers are registered in its fiscal systems and also if the nota fiscal or billing document is legally correct and represents sales properly."

SAP Software Supports Compliance

SAP BusinessObjects Electronic Invoicing for Brazil eliminates duty misappropriation and validates that fiscal information in sales correctly reflects operations. It supports Unilever operations' automatic compliance with governmental demands. Checks are done in an automated workflow. During the invoicing process, information is validated as required by the government. After that, an electronic version is made, at which time the data is completely "closed" and cannot be changed further by Unilever. The information is sent to the government, where staff members analyze

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the data and make several additional validations. At this stage, any incorrect data is identified and corrected. Then the government either approves or disapproves the billing document. If the document is approved, SAP BusinessObjects Electronic Invoicing for Brazil automatically sends a trigger to SAP ERP, and the billing document can be printed. The truck with the goods is sent to the customer, and products mentioned in the invoice are delivered.

Galafassi underscores the importance of the new solution: "Every supplier must provide this electronic file to customers, and the file has legal value. So nowadays for Unilever, SAP BusinessObjects Electronic Invoicing for Brazil is really a must for doing business in Brazil."

Implementation Based on Best Practices

To be sure that the plan preparation for and implementation of the application was based on best practices, Unilever decided to collaborate with SAP Consulting and Accenture. Galafassi says, "Accenture is the continuing implementation and development partner hired by Unilever. The consultants have a lot of knowledge about integrating our systems with SAP solutions and best practices in our industry."

Denis Torii, manager at Accenture, further explains, "By using our previous experiences with SAP on NF-e projects, and the longtime relationship with SAP, we supported Unilever in the implementation of SAP BusinessObjects Electronic Invoicing for Brazil. The implementation was achieved by the required due date. Certainly, the best practices supported by SAP and Accenture were key to this implementation."

"Our decision to work with SAP was based on the idea that nobody knows the software better than the supplier." says Galafassi. "We use a standard SAP solution for the data process formatting, electronic subscription, and government dispatch. The advantage of SAP BusinessObjects Electronic Invoicing for Brazil is that all data preparation can be done in SAP ERP, or can be applied using corrective notes from the SAP Notes tool. We choose to use a standard solution, even if it's necessary to apply a large number of corrective notes. This way SAP can create appropriate documentation to support Unilever in the future with reinstallations, known bugs, and knowledge transfers. So this is a very future-proof solution."

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Issues Solved Promptly

To help prevent any technical issues during implementation, Unilever hired SAP Consulting to install the software and HP to install all required hardware. Galafassi is sure this collaboration of two reputable technical suppliers has simplified all implementation processes substantially. He comments, "SAP and HP have joined efforts to solve problems when they appeared."

It took one year to complete the full project, including the preparation. SAP Consulting was only needed for five months. Unilever's costs included seven new servers, more than 120 programs that had to be modified, the SAP BusinessObjects application, applying almost 500 corrective notes, adjustments to noncore legacy systems and management information systems, and 128 new printers. There was no business case developed, according to Galafassi, because the ROI for Unilever can hardly be calculated. "It's quite simple: this investment was inevitable," he says. "Otherwise, in the near future we wouldn't be compliant anymore."

Lessons Learned

The implementation has given Unilever much experience for future rollouts. Galafassi sums up the lessons learned:

"It's really important to improve test quantity, looking for more trustworthy case examples. During the parallel test period, follow up and validate the current operation. And last but not least, it's good to schedule more days to get the system more stable during the go-live period. This is necessary to correct possible errors, avoiding stress on sales and production operations."

Unilever has documented and tested the new SAP BusinessObjects Electronic Invoicing for Brazil application thoroughly so it can be used as a future guideline for other country offices that may be confronted with similar regulations. Galafassi notes: "This way our specialists can support other offices. They can advise about specific questions regarding customization and improvements and suggest standard procedures according to SAP policy. We can also support the implementation of SAP MaxAttention recommendations for improving system performance and mitigating technical risks."

A High-Quality Solution

Since Unilever's ERP systems now comply with Brazil's strict requirements for electronic bills of invoicing, the company avoids penalties and fines. This means Unilever has a competitive advantage over other companies that aren't yet compliant. Galafassi sums up: "SAP offers a high-quality solution that completely fits Unilever's business needs, now and in the future. Unilever colleagues in other countries will profit from the experience and skills we have built up by implementing SAP BusinessObjects Electronic Invoicing for Brazil."

50 105 923 (11/08)
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