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Lenovo: Managing Cross-Border Trade with SAP® BusinessObjects™ Global Trade Services Application

As any multinational company can attest, managing international trade is a complex yet critical part of doing business internationally. With its global footprint expanding exponentially following its acquisition of IBM's PC division, Lenovo Group Limited deployed SAP® BusinessObjects™ Global Trade Services application to **streamline its trade management processes.**

Executive overview

Company
Lenovo Group Limited

Headquarters
Beijing; Morrisville, North Carolina; Singapore

Industry
High tech

Products and Services
Personal computers and mobile internet devices

Employees
27,039

Revenue
US$21 billion

Web Site
www.lenovo.com

Partners
SAP® Consulting organization and IBM Global Business Services (GBS)

BUSINESS TRANSFORMATION

The company's top objectives

- Manage global trade business following international business expansion
- Reduce risk by meeting regulatory requirements
- Replace costly legacy systems

The resolution

- Implemented SAP® BusinessObjects™ Global Trade Services application integrated with SAP ERP application and replaced expensive legacy system
- Streamlined import/export processes by integrating with brokerage services
- Completed initial implementation in 12 months and subsequent rollouts in 6 to 8 months

The key benefits

- Improvement of trade management business process efficiency with standardized procedures in 40+ countries and 26 distribution centers
- Streamlined management of rapid increase in business volume
- Reduced leasing costs of legacy systems

Read more

"Following our global expansion, SAP BusinessObjects Global Trade Services has helped Lenovo to manage our cross-border trade effectively, mitigate compliance risks, and reduce operational costs."

Xiaoyu Liu, GM of Global Application Development, CIO/BT Organization; VP, Lenovo Group Limited

TOP BENEFITS ACHIEVED

2,000%
Increase in transaction volume

15
Leased legacy systems replaced

$12 million
Leasing costs saved annually

See more metrics

Executive overview

Company objectives

Resolution

Business transformation

Future plans

The need to effectively manage global business

Lenovo Group Limited is a leading personal technology company that makes innovative PCs, including Think-branded commercial PCs and Idea-branded consumer PCs, plus servers, workstations, and mobile internet devices. Formed by Lenovo Group's acquisition of the former IBM Personal Computing Division in 2005, the company greatly expanded its global footprint and increased its business volume exponentially.

Employing more than 27,000 people worldwide, Lenovo has sizeable operations on 6 continents and operates in more than 60 countries. While the original business was well established in China, Lenovo's rapid expansion into global markets created new challenges, particularly in managing complex international trade processes.

Lenovo also recognized the necessity to minimize regulatory risks when serving international markets. The company needed to better manage complex cross-border trade practices and comply with many customs and trade requirements, plus numerous governmental regulations and local policies. This all required a business solution to help reduce the operational and financial risks associated with compliance management and optimize the cross-border supply chain.

However, Lenovo's international trade practices were running on a set of complex, disparate legacy systems that were weighed down with manual processes and redundancy. To maximize efficiencies, Lenovo needed to replace its legacy systems with one global trade solution that would automate trade compliance processes, control costs, mitigate risks, and expedite outbound and inbound customs clearance.

By doing this, the company would benefit from both reduced costs and a reduced risk of incurring trade penalties.

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An SAP® solution that crosses borders

With a successful SAP® ERP application backbone supporting its business in China, the management team at Lenovo elected SAP software as its strategic platform to support its global business model.

Lenovo's business and IT project team evaluated a number of different products for its trade management solution and determined that the SAP® BusinessObjects™ Global Trade Services application best fulfilled its business requirements. The team considered the SAP software's comprehensive functionality in import and export transactions and compliance management ideal to help run its ever-growing global business.

The project team also noted that the software's integration with Lenovo's SAP ERP backbone was extremely advantageous. This streamlined process significantly reduces interfacing and data exchange needs, and SAP BusinessObjects Global Trade Services easily assimilates with Lenovo's business partners' systems for brokerage and logistics management.

Working closely with the SAP Consulting organization and IBM Global Business Services (GBS), the project team took advantage of proven methods and tools to implement best business practices. Devoting significant time in the design phase helped ensure the solution that was deployed was both practical and scalable. The initial implementation was conducted in less than 12 months, and subsequent regional rollouts were typically delivered in 6 to 8 months, along with other IT solution releases.

> "We chose the SAP application not only because it integrates with Lenovo's global business system running on SAP software, but because its strong functionality meets Lenovo's business needs."
>
> Xiaoyu Liu, GM of Global Application Development, CIO/BT Organization; VP, Lenovo Group Limited

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A passport for global success

So far, the SAP BusinessObjects Global Trade Services application has been implemented in more than 40 countries and 26 distribution centers and supports 408,000 international trade transactions yearly. This number represents a 20-fold increase in transactions which are all fully supported by the scalable application. The software has also helped Lenovo to meet regulatory requirements, vastly reducing the risk of penalties incurred by non-compliance.

Replacing the company's leased legacy systems has also delivered cost savings and efficiencies amounting to US$12 million annually. Instead of being dependent on disparate platforms and applications, global trade management at Lenovo now runs on a single platform that shares the same master data with its SAP software backbone. It integrates with financial and logistics functionalities and smoothly interfaces with partner brokerage systems such as DHL, UPS, and Nippon Express.

KEY BENEFITS

2,000%
Increase in transaction volume

$12 million
Leasing costs saved annually

6–12 months
For rapid global rollout

15
Leased legacy systems replaced

0
Compliance penalties incurred

10
Brokerage firms linked by data exchange

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Supporting continuous growth in cross-border trade

Lenovo is committed to product innovation and rapid global expansion. As the company's market share in PCs and mobile internet devices continues to grow, along with its foray into new markets, its cross-border trade transactions are expected to increase significantly. With SAP BusinessObjects Global Trade Services in place, Lenovo is well positioned to handle its continuous growth in cross-border trade. The company is also evaluating other international trade-enhancement opportunities such as directly integrating and creating a bridge with customs. This proposed new procedure would further streamline Lenovo's business processes and reduce its operational costs.

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