



BUSINESS TRANSFORMATION STUDY

AT A GLANCE

Industry	High tech
Revenue	US\$12.3 billion
Employees	35,000
Location	Dallas, Texas
Web Site	www.ti.com
SAP® Solution & Services	SAP® GRC Global Trade Services application
Implementation Partner	SAP Consulting

Texas Instruments Incorporated (TI) provides innovative digital and analog technologies to meet customers' real-world signal-processing requirements. In addition to manufacturing semiconductors, the company produces educational and productivity solutions. TI is headquartered in Dallas, Texas, and has manufacturing, design, and sales operations in more than 25 countries.

Key Challenges

- Export compliance risk due to large existing base of SAP users
- High maintenance costs for a huge custom application for managing global trade
- Significant manual effort for sanctioned party screening, product classification, and license determination
- Data inconsistencies across plants and regions due to different coding practices

Why SAP Was Selected

- Existing, long-term partnership with SAP on automating global trade processes
- Compatibility with existing SAP® software
- Lowest total cost of ownership
- Breadth of functionality
- Simple integration of global trade management solution with existing SAP implementation, which was used for order management

Implementation Best Practices

- Business departments assumed project ownership
- Project organized into manageable chunks
- Extensive end-user training
- Centralized implementation management with regional input

Low Total Cost of Ownership

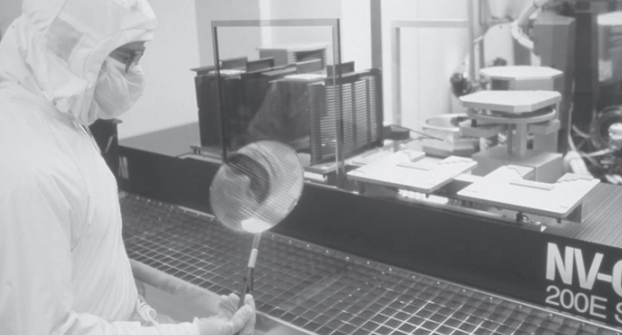
- Rapid implementation (3 months with 3 full-time resources for phase 1, 7 months for phase 2)
- Low resource requirements
- Low integration requirements

Financial and Strategic Benefits

- Net present value of US\$3.1 million
- Return on investment of 300%
- A modified internal rate of return of 64%
- Significantly reduced security risks
- Improved segregation of duties and overall data quality
- Elimination of the need to maintain custom code
- Reduced risk of penalties and fines
- Significantly reduced manual effort

Operational Benefits

Key Performance Indicator	Impact
Blocked shipments	-90%
Manual downloads from government sites	Eliminated
Customer code maintenance	-90%
Consistency of product codes globally across divisions and plants	+80%
IT support for data management	-70%
Manual effort in miscellaneous shipments	Eliminated



“The first day of go-live we sat in the war room expecting many complaints, but we didn’t get any.”

Carolyn Bettley, U.S. Compliance Manager, Texas Instruments Incorporated

“There is no question about our decision to go with SAP. We would have spent much more money and expended more effort to put any other solution in our environment.”

Ray Pechecek, Logistics Systems Manager, Texas Instruments Incorporated

Streamlined Global Trade Processes Compliance

As a leading technology company, Texas Instruments Incorporated (TI) is highly committed to strict ethical standards and compliance with global trade regulations. TI managed its global trade processes using SAP® R/3® software (functionality now found in the SAP ERP application), but there were many disparate and manual processes. So many people used the SAP software that TI was at risk of noncompliance for export processes. And because the existing software didn’t support sanctioned party list (SPL) screening, a significant number of unnecessary shipment blocks caused enormous manual effort. TI also needed to improve its license determination and product classification processes to reduce inconsistencies, data errors, and manual effort.

After a detailed evaluation of a number of solutions and vendors, TI chose to implement the SAP GRC Global Trade Services application. TI’s decision to partner with SAP was partly due to lower integration needs and partly because of its existing relationship with SAP.

Rapid Go-Live and a Phased Implementation Strategy

The implementation of SAP GRC Global Trade Services went smoothly. The TI team knew that the key to success was to make the business community the owner of the project and not to push the project on the business. With full ownership assumed by the business community and adequate support from the IT team, the first phase of implementation, which included SPL screening and embargo checking, was completed in just three months with only three people assigned full time to the project. The second phase of the project, which included license determination and product classification, was completed in seven months with only five full-time employees.

Breaking the project into manageable pieces was a critical decision that contributed to its success. The team also managed all requirements from a central location with regional input. All necessary information was located on a shared site, ensuring that everyone involved had access.

Streamlined Global Trade Processes

Streamlining global trade processes has improved security and helped TI achieve greater consistency, accuracy, and discipline. Previously, literally thousands of employees could create and change product classification codes; now only a few people have the authority to change these codes. Tighter authorization has improved the consistency of product data and has significantly reduced the risk of noncompliance with export regulations.

TI has also significantly reduced the manual effort required in its global trade processes. For instance, the company eliminated 90% of unnecessary blocked shipments, which resulted in significant reduction in manual effort. The company also significantly cut shipments without a defined product category.

With the help of SAP GRC Global Trade Services, TI has reduced manual effort, improved data quality, reduced the risk of noncompliance with trade regulations, and enhanced its global trade processes to scale with its growing business.

More Benefits to Come

Looking forward, TI is getting ready to implement the Automated Export System of the U.S. Customs and Border Protection and customs document printing with SAP GRC Global Trade Services. TI will screen all Web transactions with the application, improving overall security, and the company expects to use it to provide secure connectivity with its trading partners.