

# Yamaha Case Study



YAMAHA CORPORATION OF AMERICA



## Business Issue

Outdated import process with manual processing of papers, limited compliance controls, and insufficient visibility resulted in cargo delays and excessive operating costs. A supplier would ship components and finished products, then send shipping and customs documentation by mail or fax. Yamaha would forward those documents to a customs broker, which would use them to clear the shipment and invoice Yamaha by mail. The brokers' invoices were costly: For entries with many different product classifications, the per-line costs on top of the base fee could add up to as much as \$300. Yamaha was spending well into six figures per year on such fees. Inaccurate Landed Cost presented another problem. It was common to see a variance of 5 percent or more between actual and estimated landed costs.

## Solution

The migration to a more flexible, automated import system offered by QuestaWeb was triggered by Yamaha's Japanese parent moving to the R/3 ERP system from SAP. One phase of that implementation included a new export process, which legislated a change in import procedures.

In 2002, Juna Kim, import manager, worked with Vimal Thomas, general manager of information technology, to plan an upgrade that would reduce manual data input, more easily generate management reports, and allow other departments, such as finance, to query import data remotely. Her extensive evaluation of available trade management software offerings led her to select QuestaWeb Inc.'s Importer<sup>QW</sup> system. Soon after, QuestaWeb's specialists began to customize an Internet-based solution that would interface with the SAP export program and Oracle Financials, and meet the requirements of U.S. government security programs, such as the Customs-Trade Partnership against Terrorism (C-TPAT). Effective advance planning helped the project go smoothly.

The new import solution from QuestaWeb has introduced numerous improvements to Yamaha's import processes. It offers better navigation; verifies compliance, creates CUSDEC messages for customs clearance; and allocates payables invoices and calculates graduated landed costs. It also provides landed-cost variance reports by bill of lading, by invoice, or by product. There is a more powerful and more secure query management engine, and better reporting of ozone depleting chemical (ODC) taxes. Yamaha maintains a pre-classified product catalog, which automates preparation of commercial invoice and customs entries.

## Results

Today YCA can point to several measurable benefits from its new import management process. These include:

- Faster customs clearance. Airfreight clearance is 31 percent faster than before, and ocean freight clearance times have improved by 63 percent. "Strong customs compliance is core to this system, even beyond inventory savings and time savings," says Jemelian. "It results in compliance not only with U.S. Customs but also with other government agencies that we're accountable to, such as the Federal Communications Commission.
- Tighter financial reporting. Because invoices are paid against actual landed costs, it's vital to have minimal variance between actual and estimated costs. YCA puts a premium on its new ability to narrow that gap. Ocean freight, insurance, and other costs are captured exactly as they are. Before the automated process was rolled out, YCA had pulled estimated landed costs up to about 98 percent of actuals. Today, they are very close to 100 percent accuracy, virtually eliminating the need to analyze variances.
- Lower broker fees. With the new software, Yamaha has been able to reduce customs brokers' processing fees by as much as 30 percent annually and has pushed its brokers to take on more value-added work, such as providing trade advisory services.
- Less staff required. One of the import program's plus-points is that it lets Yamaha assign employees more effectively. First, the import department can now run with two-thirds of the staff it used to have. (Some employees were reassigned after their roles were automated.) And second, the Web-based system allows more than 10 times as many people to access import data and extract customized reports. "Previously, any time our front offices wanted to know when this or that product was going to come in, they would have to call us. Now we don't get any of those calls," says Kim.
- Now, data is nearly 70 percent better in terms of reduced redundancy, accuracy, completeness, and compliance.
- The new system also makes it possible to aggregate key financial data elements more accurately and more rapidly. As a result, Yamaha can close its books in three business days. Just a few years ago, it took almost twice as long.