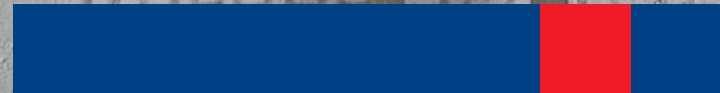ARLANXEO
Performance Elastomers

ARLANXEO
Logistics Business Network (LBN) Implementation

Ellen Schmidt

29.09.2022

ARLANXEO IS A MARKET LEADER FOR SYNTHETIC RUBBER USED IN A WIDE RANGE OF APPLICATIONS

Tire

Consumer & Pharma

Plastics

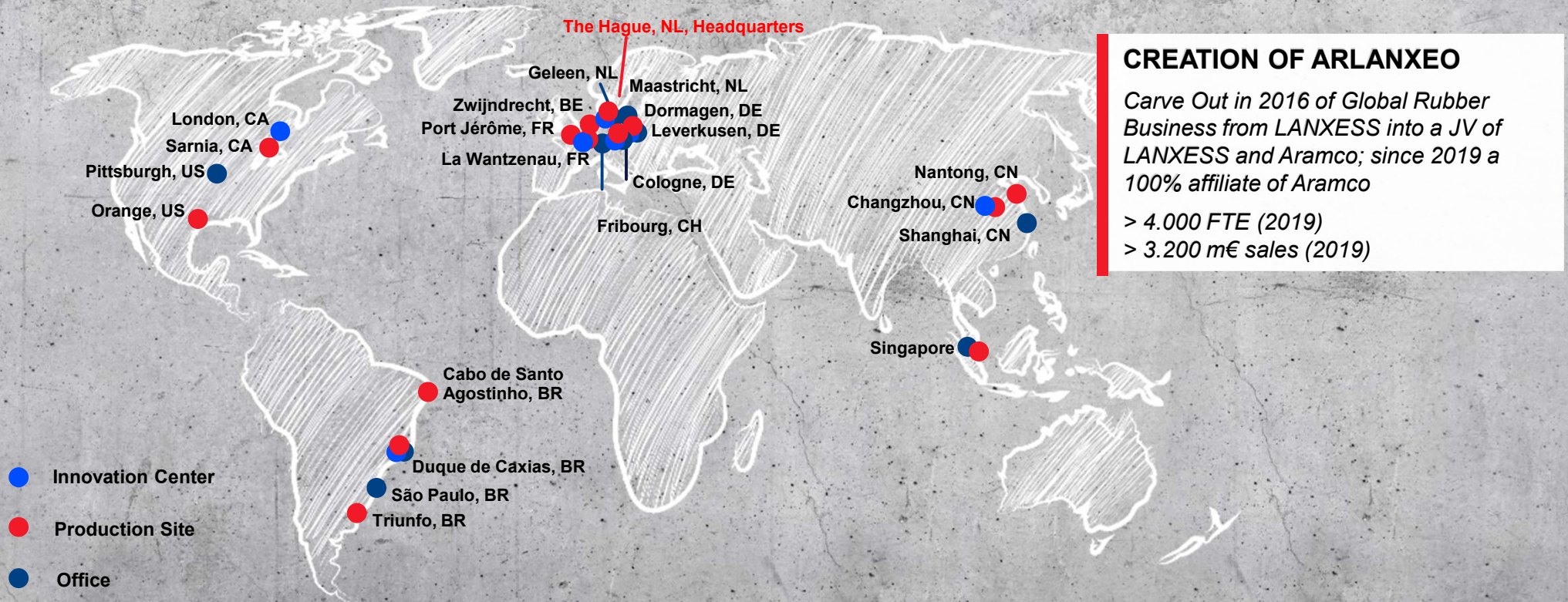Golf & sport balls

Chewing Gum

NBR
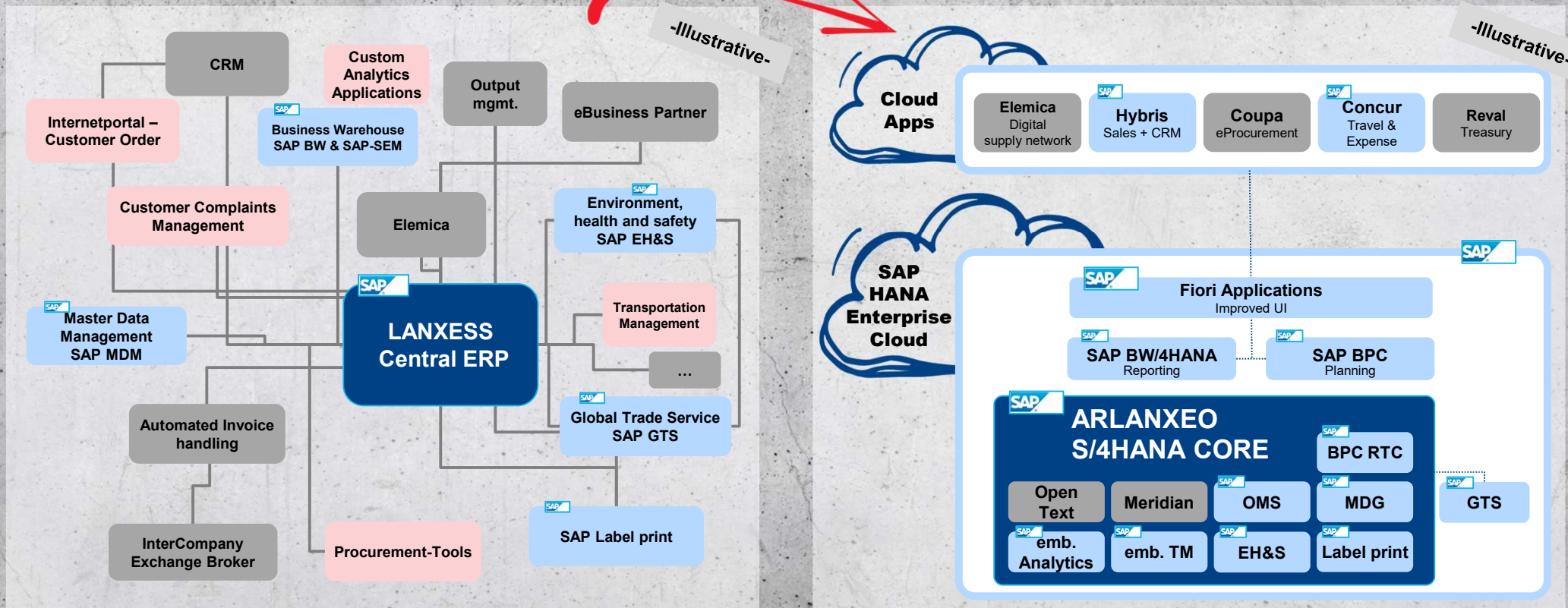

HNBR

CR

EVM

EPDM

THE STARTING POINT FOR THE IT ROADMAP WAS THE CARVE OUT OF ARLANXEO FROM LANXESS IN 2016

The Hague, NL, Headquarters

Geleen, NL
Maastricht, NL
Zwijndrecht, BE
Dormagen, DE
Port Jérôme, FR
Leverkusen, DE
La Wantzenau, FR
Cologne, DE

Fribourg, CH

London, CA
Sarnia, CA
Pittsburgh, US
Orange, US

Nantong, CN
Changzhou, CN
Shanghai, CN

Singapore

Cabo de Santo Agostinho, BR

Duque de Caxias, BR
São Paulo, BR
Triunfo, BR

● Innovation Center

● Production Site

● Office

CREATION OF ARLANXEO

Carve Out in 2016 of Global Rubber Business from LANXESS into a JV of LANXESS and Aramco; since 2019 a 100% affiliate of Aramco

> 4.000 FTE (2019)
> 3.200 m€ sales (2019)

S/4HANA GREENFIELD PROJECT LED TO A MODERN AND STANDARDIZED APPLICATION ARCHITECTURE AT ARLANXEO

From a complex legacy landscape…

… to the new ARLANXEO

-Illustrative-

-Illustrative-

Legacy landscape:
- Internetportal – Customer Order
- CRM
- Custom Analytics Applications
- Output mgmt.
- eBusiness Partner
- Business Warehouse SAP BW & SAP-SEM
- Customer Complaints Management
- Elemica
- Environment, health and safety SAP EH&S
- Master Data Management SAP MDM
- LANXESS Central ERP
- Transportation Management
- ...
- Automated Invoice handling
- Global Trade Service SAP GTS
- InterCompany Exchange Broker
- Procurement-Tools
- SAP Label print

New landscape:

Cloud Apps
- Elemica — Digital supply network
- Hybris — Sales + CRM
- Coupa — eProcurement
- Concur — Travel & Expense
- Reval — Treasury

SAP HANA Enterprise Cloud
- Fiori Applications — Improved UI
- SAP BW/4HANA — Reporting
- SAP BPC — Planning

ARLANXEO S/4HANA CORE
- BPC RTC
- Open Text
- Meridian
- OMS
- MDG
- GTS
- emb. Analytics
- emb. TM
- EH&S
- Label print

Legend:
- Custom Development
- 3rd party
- SAP

4

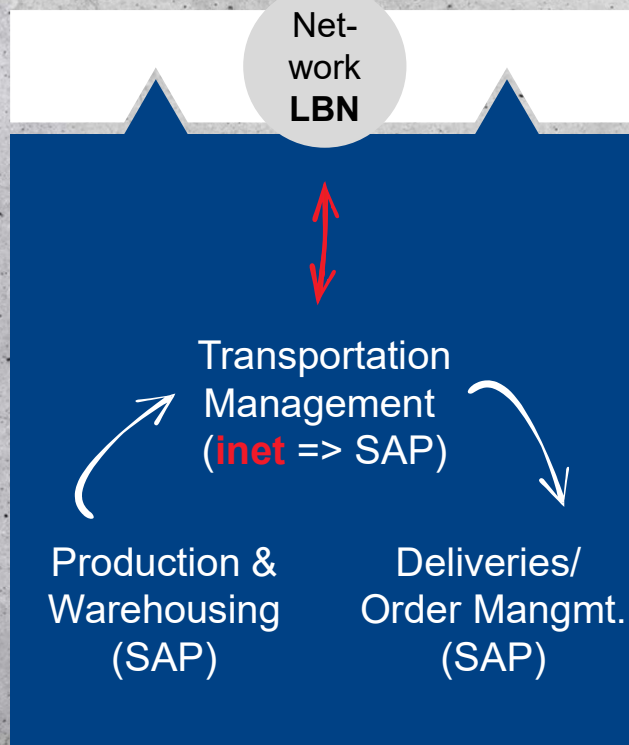# THE STAR JOURNEY STARTED IN JULY 2017. AFTER 3 YEARS AND 5 MONTHS, THE FINISH WAS REACHED IN 11/2020

Start

7/2017

ARLANXEO

Blueprint
01/2018

1809 Upgrade
09/2018

Pilot Go-Live
04/2019

2 Countries
3 Legal Entities
450 Users

Wave 1 Go-Live
01/2020

5 Countries + NL Holding
6 Legal Entities
1300 Users

Covid19: no travel
postpone Go-Live by 3 months

Wave 2 Go-Live
10/2020

3 Countries
4 Legal Entities
800 Users

Remote UAT, Cutover,
Go-Live and Hypercare

Finish 11/2020

Dr. Hermann Schuster:
The implementation of STAR sets us well ahead in comparison to the competition: I do not know of any Chemicals company so far that has really implemented SAP S/4HANA in full - most of them are still in the process of doing it. STAR has provided us with a competitive edge of about 2 or 3 years, which is a great benefit to ARLANXEO. So: thanks to everyone who has made this possible!

ARLANXEO **Independent, lean & harmonized processes supported by state-of-the-art technology**

WHAT DOES INTEGRATION OF PROCESSES MEAN IN A SAP CENTERED APPLICATION LANDSCAPE?

TRANSPORTATION LOGISTICS

Exchange

Internal Logistics

Net-work **LBN**

Transportation Management (**inet** => SAP)

Production & Warehousing (SAP)

Deliveries/ Order Mangmt. (SAP)

Implementing LBN

ARLANXEO was **one of the first organization to set live** LBN in 2019

We knew it is evolving and getting matured via frequent releases. Additional staffing was onboarded to support in the interim phases the lacking automation and collaboration functionalities.

Stepwise approach was agreed as LBN solution still had/s some gaps for ARLANXEO.

This step-by-step approach helped us to understand the standard out-of-the box integration scenarios and gaps as per our business processes.

ARL-NL, France, China, Brazil and Canada are live and using LBN Functionalities

Multi-Tenant Setup, Each Tenant is represented as ARL Entity (ARL-EU, CN, BR, CA).

Functionalities in use / upcoming

Freight Confirmation

Tendering is not used, carriers are assigned directly

Event Reporting

Carriers are reporting proof of delivery and delays by using ECTA codes

Dock Booking

Carriers booking loading slots.

Dispute Management

Collaboration to handle disputes and extra costs – still in testing phase

Ocean Tracking

Evaluation started to integrated ETA updates from ocean tracking

Benefits of using LBN

Direct collaboration– Carriers see all details on the freight orders and changes to it directly and are themselves performing activities directly on the freight orders. Less effort in manual communication (email) and updating data on both ends.

Visibility – dock booking capacity per loading point on every single day / week also as acceptance of orders via confirmation as well as deviations via standardized ECTA codes

Support – via auto reminders for confirmations or dock booking that did not happen in agreed timeframe

Reduce check-in times – by sharing upfront information on plate number, driver name etc. directly to the freight order

Updated information to customer service and customers – confirmed and updated dates are visible also to customers by providing them into the webshop
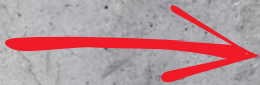
As the system evolved, we were able to reduce the workaround and manual communication along the implementation phases

KEY CHALLENGES AND SUCCESS FACTORS FOR IMPLEMENTING SAP LBN

Right Skills

Embedded TM and LBN expertise not broadly established, special attention as customer to get involved into finding the right partners

Business Involvement

making business expertise integral part of the project organization

Keep standard

Complex and customed processes in SAP embedded TM drive complexity in integrating with standard LBN

Evolving system

LBN as new platform provides functions step by step in release cycles – decision on when to set live different processes & onboard partners

Involvement of partners

Don't underestimate the effort to onboard carriers and make them familiar with new processes

# Challenges to overcome and outlook on upcoming features for ARLANXEO

The transition will continue ...

- **The end of the (implementation) journey is the start of a journey (improvements)**
  - New process platform is a starting point for new initiatives
  - Start further process improvements and exploring digitalization and automation opportunities
  - Old assumptions on business cases become obsolete
  - Not all entities / regions are making use of the solution yet

- **Features to be taken up**
  - Dock booking for self pick-ups
  - Dock booking differentiation per MoT
  - Tracking of ocean bookings to update ETA

ENTERPRISE VALUE RELEASE

TM w/o LBN usage

Status quo

SCALE THE NEW

TIME
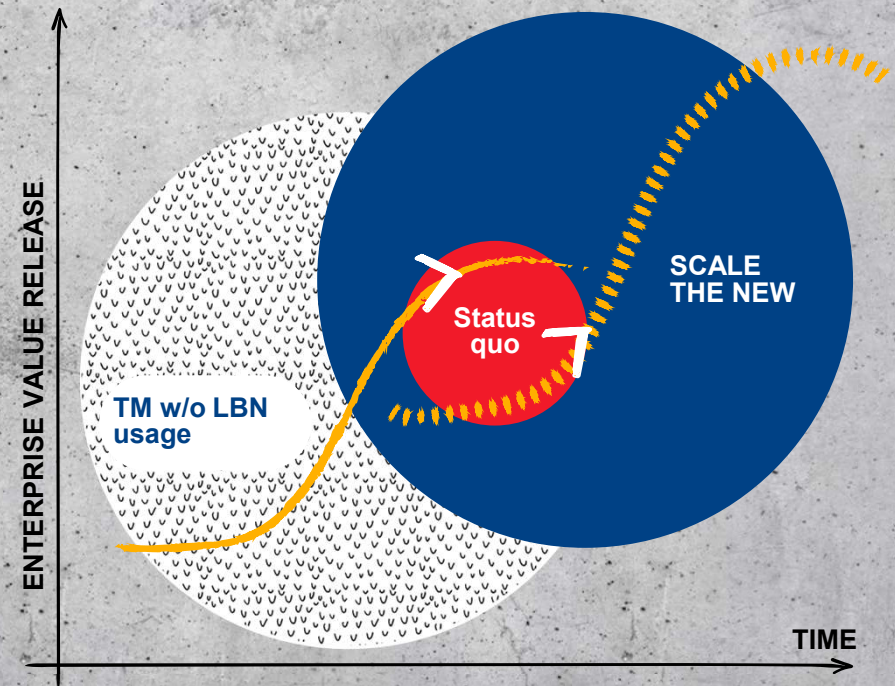
Questions?

ARLANXEO

Performance Elastomers