

## Solutions Streamlines **Souza Cruz's** Tax and International Trade Processes



### CUSTOMER PROFILE

Souza Cruz is the domestic leader in Brazil and owns six of the top ten brands sold in the country, producing around 90 billion cigarettes per year. In 2014, Souza Cruz had a 78.4% share of the Brazilian market.

Operating throughout the product cycle, from production to processing tobacco to the manufacture and distribution of cigarettes, Souza Cruz directly supplies around 300,000 retailers throughout the country as well as reaching almost 5,500 municipalities.

The company provides technical assistance to 27,000 rural producers in the area of tobacco production. As well as processing tobacco for its own cigarettes sold in the domestic market, Souza Cruz's integrated system of production produces more than 108,600 tons of tobacco for export to around 40 countries across five continents.

Souza Cruz is one of the largest business groups in Brazil and is part of the British American Tobacco (BAT) group - present in more than 200 countries. Souza Cruz is among the 10 largest taxpayers in Brazil and creates income in 80% of Brazil's cities (the company pays BRL 10.489 billion in taxes per year - 2014 numbers - providing social benefits). Almost 10% of Souza Cruz's gross income is invested in activities that are both innovative and important for the country's development.

### THE CHALLENGE

As an integral part of the British American Tobacco (BAT) group, Souza Cruz was confronted with a global project to implant a single ERP serving the whole group throughout its global operations, the SAP. With this challenge at hand the company, which previously used a range of solutions that did not meet the needs of all of the company's business areas and due to this had a number of smaller complementary solutions generating high maintenance costs, needed to look at the market and identify partners who could meet the needs of their business areas end-to-end, with specific solutions for their departments, supplying the needs of each sector, fulfilling all the requirements of Brazilian legislation and, most importantly, solutions that were fully integrated into the SAP in a non-invasive way.

"That is when we found Thomson Reuters who offered a tax department software to manage the entirety of our tax obligations. In the area of international commerce our previous solution was invasive in relation to the ERP, something that was not permitted in the global project. Thomson Reuters was able to offer a solution to address our Import, Export and Foreign Exchange processes, all duly approved and integrated into the SAP" highlights Rosely Chaolen, Manager of Souza Cruz's Brazilian IT Business Unit, which led the project, highlights.

***"Our partnership is much greater than being solely with Souza Cruz, you can say that our partnership is between BAT and Thomson Reuters as we have a totally globalized structure that allows Thomson Reuters' solutions, based on the positive experience in Brazil, to meet the needs of BAT globally."***

*Rosely Chaolen, Manager of Souza Cruz's Brazilian IT Business Unit.*



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### THE SOLUTION

The need for a partner that met BAT's global requirements for implementing the ERP SAP project was a major factor in the choice of Thomson Reuters who, with its global expertise, was able to provide the ONESOURCE solution with the best management options to meet the local needs of Souza Cruz as well as being fully aligned with the governance and compliance structures required for the global project.

### TAX

In the area of tax the MASTERSAF DW solution succeeded in handling the management of tax obligations in an integrated way with an important differential, all the infrastructure is hosted at BAT's DataCenter located in Frankfurt, Germany. This was a major challenge during the project, but which also made it possible for all of the information to be located at the company's global DataCenter alongside the main SAP center.

### INTERNATIONAL COMMERCE

In the area of international commerce Souza Cruz found that the ONESOURCE Global Trade solution (Import, Export and Foreign Exchange modules) was the best option to manage their international operations. The solution has enabled productivity gains in the area, automating a number of processes, enabling integration into government systems and allowing for the creation of some documents directly within the application, streamlining processes that were previously performed manually.

A unique part of this project was that the international commerce solutions were purchased as a Cloud based application and are currently hosted at the Thomson Reuters DataCenter. "It was the first solution that we have implemented in line with this new global trend. In addition to meeting the requirements of the project, the solution also provides direct productivity gains in the area, follows the company's global compliance guidelines, eliminates the use of spreadsheets and automates our fully-integrated ERP processes," says Rosely who is proud of the project. The project was initially designed to last 18 months, but the need to finalize it alongside the Global ERP implementation project engaged the team who managed to deliver it in only 8 months, meeting all of the processes required by the company.

### BENEFITS

#### TAX

In the area of tax the main benefit was the automation of all of the processes in one single solution. "Our team is able to manage all of the information and legal obligations in one single solution. The MASTERSAF DW is easily accessible and easy to navigate," Rosely highlights. She also states that the company is currently using at most 60% of the solution's capabilities.

"We noticed that the solution can automate everything that we had in our previous solutions, but in our day to day analysis we found that it has a lot more functionality than we hoped for and we have identified that we can benefit from even more operational productivity gains. We have started a new phase of implementation and, with the support of Thomson Reuters, are mapping where else we can explore the solution's potential to ensure that, in a short time, our team will already be using the tool to its full potential. At the time of the project this was not a priority but it has now become a benefit for the whole team," she states.

#### INTERNATIONAL COMMERCE

In the area of international commerce Souza Cruz highlights that the ONESOURCE Global Trade solution has already led to productivity gains in the area, automating a number of processes, enabling integration into government systems and the creation of some documents directly within the application, streamlining processes that were previously performed manually. "One of the main productivity gains that we have had was the record and dispatch export declaration (RE and DDE) in SISCOMEX via NOVOEX, ensuring informational integrity," highlights Eder Rodrigues, Souza Cruz's Brazilian Coordinator of Tobacco Export.

"We have managed to increase the agility of our processes, considering that we previously issued all of our documents in Excel as the systems that we used did not allow changes to be made when the documents were out of date. Today we have a system that is easy to understand and use. We can attach documents to the export process within the application, eliminating the need to keep copies at the base, as well as a number of reports that we didn't previously have that facilitate process management. Another important benefit is the flexibility of registering partners, products, ports etc." Rodrigues commemorates.

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