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Desperately Seeking Seamless Logistics

Elemica's technology helps chemical manufacturer BASF seamlessly collaborate and connect with carriers.

The chemical industry is based on science. The art of chemical logistics, however, is increasingly based on technology. Chemical manufacturers and their logistics partners – trucking, rail, and ocean carriers, as well as third-party logistics providers – have begun to rely on technology for everything from processing orders and managing warehousing and transportation needs, to connecting electronically with trading partners.

Communicating with trading partners is often done through Exton, Pa.-based Elemica, which offers a global system of manufacturers and distributors who collaborate and integrate supply chain processes through a unified electronic network. The company's "single supply chain execution solution" helps some 1,800 business partners integrate their business systems – such as transportation management, warehouse management, inventory management, and enterprise resource planning (ERP) systems – with the corresponding systems of business and trade partners. Through Elemica, a chemical company's ERP system can "talk" to the systems of any of its carriers.

Global chemical giant BASF, one of 22 companies that partnered to form Elemica, uses the company for a number of business functions including procurement, order creation and management, and vendor managed inventory. When BASF recently decided it needed a better way to collaborate with its more than 100 North American motor freight carriers, it turned to Elemica once again, implementing its Logistics Road solution. The solution helps BASF seamlessly connect, standardize, and automate logistics processes with its carriers, a set-up that "gave us built-in efficiencies before we even started conducting transactions," says Tom Warner, manager of e-commerce systems integration, BASF.

By streamlining connection to its North American road carriers – who transport several hundred thousand shipments annually – BASF expects to yield benefits including reduced freight costs, faster shipment turnaround times, improved visibility into transportation processes, lower administration costs, and fewer errors. The Elemica network integrates completely with BASF's ERP system, improving invoice and shipment accuracy. In turn, carriers can

view the loads and bookings that BASF has tendered to them, respond to tender offers, set pickup and delivery appointments, communicate shipment status information, and submit freight invoices.

CALL, FAX, REPEAT

Before implementing the Logistics Road solution, BASF used a typical manual process to correspond with its carriers. "We used to fax or call carriers with a load tender, then fax or call again if we needed to make changes, and hope the carrier would answer the phone or send another fax to confirm our changes," Warner explains. "Now, we don't need a customer care rep or a warehouse employee to babysit the process. We can automate the backend procedures because we've automated communication and connectivity with carriers."

This full automation and connectivity between BASF and its carriers is exactly what Elemica aims to achieve. "We see ourselves as a collaboration module," explains Rick Bushnell, vice president of sales, Americas for Elemica. "The same way SAP offers a module that handles procurement, for example, our goal is to be the module that handles the



To better collaborate with its North American road carriers, BASF turned to Elemica's Logistics Road solution.

says. "And carriers don't have to make a big investment to connect with Elemica if they opt out of full integration."

GETTING CARRIER COMMITMENT

BASF also worked closely with carriers before getting to the implementation point to ensure that their service providers were on board with the process changes. The company conducted workshops with carriers to show them how the Elemica system would function and to garner feedback. "We reached out to carriers early and often during this process so we didn't get too far without making sure they were along for the ride," Warner notes.

The company also did in-depth preparation and testing for about six to eight months before launching. The rollout was done on a scheduled basis, a few business units at a time. Now BASF merely onboards new carriers using the same process each time.

While they are still getting various business units up and running and do not have specific results to share yet, BASF is pleased with the system and the benefits it brings. Warner's European counterparts are also looking into using the Logistics Road solution for their business units.

"This used to be a 'gee whiz, how cool!' solution," says Warner. "Now it's just water from the tap, and we completely depend on it." **CL**

collaboration space between external trading partners and their business systems."

But as any experienced logistics manager knows, trading partners are not always on the same playing field when it comes to technology. BASF sometimes worked with large, national carriers who were able to adopt the latest technology; other loads were tendered to small, local carriers with no technology background. For this reason, Elemica offers BASF a way to connect with both types of business partners,

essentially removing technology as an obstacle so BASF could focus on getting business transactions done.

The ideal approach for BASF is to integrate with carriers in a system-to-system fashion. "But if carriers aren't able to move fast enough on technology, we can set them up through our Web portal capability," Bushnell explains.

"The advantage for us is that the traffic we get in and out of Elemica looks the same whether the carrier uses the Web site or has a fully integrated backend solution," Warner

Elemica - North American HQ
222 Valley Creek Blvd.
Suite 220
Exton, PA 19341 USA
Phone: +1 610 786 1200
Toll Free: +1 888 247 8878

Elemica - European HQ
Lyoner Strasse 36
D-60528
Frankfurt, Germany
Phone: +49 69 661230

Elemica - Asia Pacific HQ
9 Temasek Boulevard #09-01
Suntec Tower Two
Singapore 038989
Phone: +65 6295 2300

Elemica - London Office
211 Piccadilly
London, UK
W1J9HF
Phone: +44 20 7917 2816