

# ONESOURCE GLOBAL TRADE

## Case Study – KOMATSU



### CUSTOMER PROFILE

Founded in the city of Suzano - SP, Brazil, in 1975, in an area measuring 633,684m<sup>2</sup>, Komatsu do Brasil Ltda, part of the Komatsu Ltd. group, became the first plant set up outside of Japan.

Present in the Brazilian market ever since then, Komatsu has been an active participant in our country's construction and development history over the years. It has partook in important undertakings, such as roads, railways, airports, power plants, petrochemical complexes, as well as large-scale infrastructure, agriculture and mining projects. It currently produces Hydraulic Excavators, Wheel Loaders and motor Graders, in addition to being the manufacturing and global distribution base for midsized Crawler Tractors exported to all continents.

With the same philosophy shared throughout the whole group – "Quality and Reliability," Komatsu do Brasil received the "President's Excellence Award" (an internal Komatsu award) twice in a row, granted in recognition of the excellent performance and high quality of the products made at Komatsu do Brasil.

### CHALLENGE

Due to its extensive list of national and international customers, Komatsu wanted to get approved under the RECOF regime (Industrial Warehouse under Computerized Control Customs Regime) in order to qualify for duty deferral on certain raw materials. This required adhering to the regulation of the special regime, particularly in detailed accounting of

those materials admitted under the scheme. They wanted to adhere to the scheme while optimizing import and export processes, improving controls and reducing costs

As a result, Komatsu needed to find a complete solution to meet the standards established by the Brazilian Federal Revenue Service, while increasing in productivity at the same time.

### SOLUTION

After a thorough evaluation, Komatsu chose to partner with Thomson Reuters and selected its ONESOURCE Global Trade solutions to manage its RECOF operation.

This partnership was sealed in 2004 when Thomson Reuters became the provider of this kind of solution, and installed RECOF Sys at Komatsu. The control system is fully automated in data reading, both from company's corporate systems and Federal Revenue Service systems. RECOF Sys is part of the SOFTWAY solutions developed to handle control over goods imported and exported under the RECOF regime - Industrial Warehouse under Computerized Control Customs Regime.

*"We cut import lead time by about 30% and we had an approximate 90% reduction in costs with customs brokers,"*

Jeferson Biaggi, Komatsu Manager



To perform all controls required for the RECOF regime, and to provide the necessary information to the Federal Revenue Service, RECOF Sys must be fully integrated with the corporate systems of companies that use it, in this case Komatsu.

At first Komatsu started to use Thomson Reuters tools only to get approved for the Recof regime, but after approval, the company's executives glimpsed an opportunity. "We saw the possibility of reducing costs by using import tools integrated with our ERP system. Using these tools effectively delivered a cost reduction and eliminated the work of customs brokers," says Jeferson Biaggi, manager of Komatsu.

## MAIN BENEFITS

According to Biaggi, the deployment by Thomson Reuters provided far more than simply bringing the company into compliance with laws. Thanks to the Thomson Reuters SOFTWARE solutions, Komatsu drastically cut its costs with customs brokers, in addition to a significant reduction in import lead time, totaling a 30% reduction in time spent.

Biaggi also said they can achieve these savings because the import tolls are fully integrated with the ERP system and Komatsu's web-based tools. "International customers upload invoices on the

KDB website, which interfaces with the import system. The whole import process is generated automatically with as little manual input as possible, generating all import declarations, domestic invoices and state tax collection slips," he explains.

Moreover, according to Biaggi, the export tool is also fully integrated with the company's ERP system, ensuring that after sales orders and domestic invoices are issued. This information feeds into the export system, where export registrations, export clearance declarations and other documents required for customs clearance are generated.

Another key benefit is achieved with Thomson Reuters integrated foreign trade tools. "We develop interfaces with our corporate system, via access to the database and not using file transfer, which makes the process totally automatic and reliable," says the manager.

The company achieved a great reduction in foreign trade costs and improved agility, cutting lead time for imported and exported parts. "This is why we always highly recommend Thomson Reuters products, and regularly receiving benchmarking visits to our company," Biaggi concluded.

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