Baker Hughes Incorporated, Brazil
Top Oilfield Service Company Cuts Compliance Costs by redeploying SAP for their Brazil operations

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Client:

Baker Hughes Incorporated, Brazil

Challenge:
Compliance issues due to outdated localization package, which exposed the firm to government fines and penalties for non-compliance, as well as high compliance management costs.

Solution:
Eliminate 3rd party fiscal reporting solutions and redeploy a native SAP-based solution to accomplish the following:
• Implement Brazil localization package
• Migrate from TAXBRJ to TAXBRA
• Implement new bank interface
• Enable new GL activation

Client Background:
The client, Baker Hughes Inc., is a top-tier oilfield service company that has a century-long track record of delivering class-leading solutions to the global oil and gas industry with 46,000 employees in more than 80 countries worldwide. It has regional operations in North America, Latin America, Europe, Africa, Russia, Caspian, Middle East, and Asia Pacific.

Situation:
Baker Hughes's fourteen operations in Brazil were confronted by compliance issues that exposed the local entity to government fines and penalties for not fully meeting Brazilian legal and statutory requirements. The company was compelled to update its localization package that was over 10 years old, had multiple integration points with 3rd party fiscal solutions, and highly customized in SAP. Updating the localization package would reduce excessive manual intervention and workaround procedures that were error prone, time consuming, and costly.

This re-engineering initiative would provide a new system of record that would support local tax reporting and minimize SAP transaction codes customization. In fact, more than 2,000 SAP transaction codes related to Brazilian business process were customized to ensure compliance for the local entities. Furthermore, the client wanted to eliminate the increasing costs of additional software and maintenance, management of multiple vendors, and numerous integration points with local third-party local provider systems that were being used to manage Baker Hughes Brazil's fiscal reporting environment.

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The Benefits:

Using a native SAP-based solution to implement the localization package has resulted in the following advantages:
• A "re-engineered" solution built on native SAP that was fully compliant with local operational and statutory needs
• All local Fiscal and Statutory Reporting delivered on standard SAP using Origen Reporting Solution
• Enabled all tax compliance directly in SAP using the TAXBRA tax calculation engine from SAP
• Eliminated excessive manual intervention and workaround procedures that were error prone, time consuming, and costly to Baker
• Consolidated the ERP environment for Brazil operations on an SAP platform using Baker Hughes global template standards and standardized communication protocols and contracts in English for better management with Houston-based COE

The Solution:

Baker Hughes Brazil engaged Origen to assist them in upgrading their localization package and help streamline the technical landscape and alleviate non-compliance costs. Out of the many local SAP SI firms in Brazil that the client considered including WIPRO and INFOSYS, Origen was chosen primarily because of its in-depth SAP Brazil localization knowledge and intimate knowledge of the client's business processes, which they had gained initially through an SAP AMS support contract. This made them uniquely qualified to address the challenges that Baker Hughes Brazil faced.

Origen engaged a combination of Senior SAP Resources and the SAP AMS support team to deploy the SAP "Best Practices" Brazil localization template for the Baker Hughes Brazil operation. Origen recommended a native SAP-based solution to handle the complex tax calculation, E-Invoicing requirement (SAP GRC NF-e), and Brazil fiscal reporting needs. Origen delivered all Fiscal and Statutory reporting needs of the client on a standard SAP solution framework.

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