

CLIENT SUCCESS STORY

CRODA
INTERNATIONAL
PLC

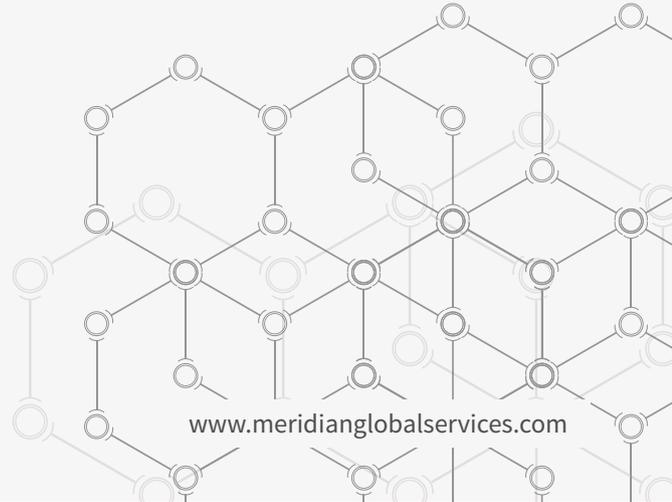
HOW and **WHY** Croda implemented
Meridian's 'VAT Add-on' for SAP



SAP® Certified
Integration with SAP® S/4HANA, on-premise edition

Confidence in Compliance

CRODA



www.meridianglobalservices.com

ABOUT CRODA

Croda International Plc (“Croda”) is a global manufacturer of natural based speciality chemicals with a turnover of £1.1 billion. Croda are the name behind the high performance ingredients and technologies in some of the biggest, most successful brands in the world: creating, making and selling speciality chemicals that are relied on by industries and consumers everywhere. Croda has more than 3,600 employees working across 18 manufacturing sites and in offices in over 30 countries. In the wide ranging business sectors that they serve, Croda’s focus is on developing and delivering innovative ingredients for virtually every type of industry.

DRIVER

Due to the inherent complexity in its trading model, Croda found it increasingly difficult to cope with its international VAT determination and reporting requirements in an efficient manner, given the limitations in their SAP system.

CHALLENGES

Croda was left with a system that was difficult and costly to maintain and did not provide the right level of visibility and control over VAT determination and reporting processes. With a constantly changing business model, and

Many complex EU VAT requirements were not automatically handled by the system due to limitations within standard SAP functionality. Over the years, Croda had mitigated this by implementing its own series of developments and manual workarounds in order to maintain compliance levels, however this resulted in an even more complex system-logic that became too difficult and costly to maintain, and overly manual and cumbersome.

stricter regulatory VAT environment, Croda needed to ensure that its SAP system could be trusted to automate all the complex VAT scenarios and associated processes.

SELECTING THE RIGHT PARTNER

In order to find the right partner, Croda undertook a market scan of providers capable of:

i

identifying the source of risks within SAP VAT determination;

ii

delivering a solution to address and fix to the underlying problems.

In respect of the latter requirement, it was important for Croda to find a partner with a proven install-base so that they could 'touch and feel' the proposed solution.

We needed a partner who could work with us to help create a business case for change and who also could deliver a solution that was low impact, high results and easy to maintain.

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Ron van 't Hof
European Financial Controller

APPROACH

Croda selected Meridian Global Services as their partner to undertake an initial SAP system risk review followed by the implementation of Meridian's "VAT Add-on" for SAP.

The project included the following key phases:

1 Building a business case for change:

This phase of the project involved the following steps:

- a) Understanding Croda's business model and VAT requirements
- b) Undertaking a deep-dive into Croda's SAP system
- c) Identifying and key risk areas impacting Croda's SAP VAT determination and processes
- d) Quantifying the risks from a financial perspective
- e) Providing recommendations to Croda on how to resolve such issues, including implementing the "VAT Add-on solution"

The above approach provided the Croda team with enough detailed intelligence in order to promote a business case for change. Following this phase of the project, and considering the results of the market scan, the Croda finance and SAP teams recommended to the Board to implement Meridian's VAT Add-on solution for SAP.

2 Implement the Meridian VAT Add-on tool for SAP:

This phase of the project involved the following steps:

- a) Transport and implement the Meridian VAT Add-on tool into Croda's SAP landscape
- b) Customize the SAP settings and VAT Add-on solution to ensure that all aspects of Croda's business model were covered
- c) System integration testing followed by detailed User Acceptance Testing
- d) Training and up-skill of key users on how to use and maintain the solution
- e) Go-live planning as well as post-go live hypercare
- f) "Handing over the keys"

The core implementation activity spanned 7 months, and the solution successfully went live in March 2014.



We felt comfortable with the Meridian solution as fundamentally it stayed close to standard SAP. Unlike a tax engine, it did not involve the use of an external interface or a big change to our processes. We were happy that going forward the time and cost involved in maintaining the system from a VAT configuration point of view would be dramatically reduced.

Ron van 't Hof,
European Financial Controller



BENEFITS

Among the key benefits of the solution:

-  Croda can now cope with chain transactions, extended reverse charge scenarios, triangulation and other complex VAT flows
-  The VAT reporting process is easier & smoother with less manual intervention required
-  Maintenance is easy and setting up new VAT registrations (such as the Belgian VAT ID for Croda Europe) has proven to be straight-forward
-  The finance team have greater control over VAT risk and can rely on the system to block non-compliant transactions before they take place (and before Croda faces exposure)
-  Increased VAT compliance and lower cost associated with voluntary disclosures and penalties
-  No more change requests in order to configure updates to VAT configuration



“
We are extremely happy with the results and are now firmly in the driving seat with respect to our VAT compliance processes. This was only possible with the implementation of the VAT Add-on
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Ron van 't Hof
European Financial Controller

CONTACT MERIDIAN



For further information contact one of our senior international VAT/SAP consultants



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