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Supercharge your rebate management

Complete Guide to Achieving Rebate Management Excellence

Rebate Management

AT E-BATE, WE BELIEVE IN MAKING THINGS BETTER.

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Our knowledge and expertise in rebate management and pricing, together with our ability to translate this into a technical solution, is what makes us stand out.

And that's why we have put together this comprehensive guide. To help you navigate the challenges of rebate management – successfully.

What you will learn:

1. Why rebate management matters

2. The best way to find out how good your current rebate programme is

3. How you can be world-class in rebate management

4. How your job function impacts on your rebate solution

5. The future of rebate management

Leanne Bonner-Cooke MBE
Founder / CEO

Regain control of your rebate management programme today

CONTENTS

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01. THE BENEFITS OF REBATE MANAGEMENT EXCELLENCE

WHERE IT ALL BEGAN

Rebates originated from the need for suppliers and distributors to have the ability to grow product sales, whilst controlling margins and rewarding those who frequently bought or promoted their products.

Whilst on the surface, this may not seem overly complex, once product mixes, end of life and new products, tier volumes, time-based tiers across multiple chains and cross-department communication have been factored in, the need for rebate management software quickly becomes clear.

1

BENEFIT ONE: DITCH SPREADSHEETS

Using spreadsheets to manage your rebate programme is fraught with challenges. They are susceptible to human error, extremely labour intensive and only provide a static snapshot of the last time the data was updated.

Your business operates in real time and so should your rebate management programme. It needs to be automated, agile and auditable, putting you in control.

2

BENEFIT TWO: INCREASE ACCOUNTABILITY

An inconsistent process and approach for agreeing and managing rebates can lead to ambiguity. The reality is though, there's not always time to implement a structured process or manage the individuals responsible.

Your business requires a flexible mechanism, coupled with control to ensure your teams can make consistent decisions at the right time, to drive best practice and maximise your margins.

3

BENEFIT THREE: MAXIMISE MARGINS

A lack of control, structure and clear documentation, coupled with human error and poor processes can all lead to rebates seriously - and negatively - impacting your bottom line. Add into this mix, the siloed approach of the contract negotiation and administrative teams and margin can erode quickly.

What your business needs is for all parties to have visibility in a single source of truth, so you can make proactive decisions to drive both profitability and business value.

4

BENEFIT FOUR: CUT COSTS

Manipulating data in spreadsheets leads to inconsistencies, especially when you are trying to convert data from multiple data sources. Mistakes can be made. Additionally, a delay in information prevents you from continually improving performance and will ultimately, cost you money.

Manual activity can be eliminated by implementing a real time solution that validates and imports data from multiple sources. This is good practice cost-cutting as it frees up resource to spend more time on value add activities and less on number crunching.

5

BENEFIT FIVE: ENSURE RELIABILITY

Holiday periods, sickness, errors, non-documented conversations and oversights can all lead to inconsistency and unreliability. Your rebate management can quickly become unwieldly and out of control.

Rebate management Excellence requires automation. Automation of tasks, decisions, workflows, user management, approvals and documentation, enabling you to stay in full control.

6

BENEFIT SIX: ENHANCE PREDICTABILITY

Consistency and predictability are key for every organisation. Never more so than when it can cost or save you money:

- If your financial liabilities have too many unknowns, the numbers cannot be trusted
- If you are overly reliant on individuals, then you have unstable foundations

Real time calculation enables you to drill down to the lowest level of granularity, providing visibility to all parties, reducing the number of queries – and surprises.

7

BENEFIT SEVEN: CONTROL CONTRACTS

Even with the best intentions, not all conversations are documented and even if they are, there can be inconsistencies in the documentation and delays in getting agreements signed.

Rebate management excellence ensures control and consistency through access to information for effective negotiations, real time visibility of all agreements and even documentation templates. Digital signatures ensure your agreements are legally binding and your life is just a little less fraught.

8

BENEFIT EIGHT: MAXIMISE VISIBILITY

Business is about teamwork, delegation, empowerment and communication. At the heart of all this is transparency and visibility. Without it, departments are siloed and can lack proactivity and a clear decision-making structure.

Your rebate management programme can unify by providing visibility of data, contracts, anomalies and agreements, reducing administration time, increasing proactivity and ensuring compliance. Visibility in real time. Visibility in a single source of truth.

> # Eliminate the errors that cause costly overpayments and compliance issues

02. REBATE MANAGEMENT BEST PRACTICES AND BEHAVIOURS

#1 SCOPE

Switching to a full digital solution will allow you to broaden the scope across all your teams involved in the rebate management process and enable them to participate in real time. This drives accountability and removes departmental silos which can lead to a disconnect between your Commercial and Finance teams.

By increasing the scope beyond multiple complex spreadsheets, you avoid the scenario of Commercial teams negotiating and Finance teams collecting - with neither being aware of the impact of the other.

A single source of the truth for all parties delivers collaboration and results in real time.

#2 PROCESSES

A systemised business is one that has defined processes in place to maximise efficiency.

The number of fully systemised businesses will only grow as technologies such as automated intelligence and machine learning become more capable of replacing the decision-making of humans.

The current challenges are complex. How much of your business can or should be automated? How do you maximise team and machine efficiencies when the technology you have is rapidly advancing and the overarching objective is to increase business performance where it matters most – profit, growth and productivity?

On top of this, you still have to meet the objectives of reducing the time, expense and manual labour of running and scaling your business.

The reality is, it's all about finding the most efficient balance between human input and automated systems

> **Manage even the most complex rebates simply, quickly and easily**

#3 CONTROLS

Audit committees play an important role in overseeing an organisation's internal control processes. Effective audit committees perform their oversight by demanding relevant, timely and accurate information and by asking direct and challenging questions.

It is the responsibility of the Management team to establish and maintain an effective system of internal control and manage risk, whilst facilitating efficient operations, reporting and compliance.

Ensuring an internal control system can be a complex task. To ensure the system works as intended, complexity should be stripped away whilst ensuring that all relevant data and records are easily accessible.

#4 AUTOMATION

Systemisation and automation are close relatives and often used interchangeably, but they are not the same.

Automation is a form of systemisation, often part of a larger systemised process that may involve people, machines, computers or a combination. A system is a method of solving a recurring business issue or task in a strategic way which involves a process or routine that is often automated.

A digital rebate management solution is the perfect blend of systemisation e.g. the creation of a rebate agreement and automation of labour-intensive tasks e.g. approval workflows, based on the business rules you have set. This ensures that your teams are focused on value-led activities and that automation rules are aligned to your corporate governance.

#5 INTEGRATION

Data coming in from multiple, yet disparate sources, resemble pieces of a jigsaw. Integration is a piece of that puzzle but has little utility on its own. To derive meaningful results, it needs to be connected.

Data integration helps to bring ever increasing data channels together in a unified format, enabling stakeholders to gain better insight and reducing manual input.

Data requirements are changing at a rapid pace and your solution provider must be flexible enough to adapt to these changes and able to address both the current and future data challenges.

#6 DATA

36% of IT leaders say employees are less efficient due to siloed data management processes, whilst 38% say their organisation's strategic decision-making is slow, due to ineffective data management processes.

Data needs to be readily accessible by your teams and managed effectively. It serves as a foundation for your business to build its analytical capabilities and manage operations more effectively.

The use of both *Master* data (customers, products, materials and locations) and *Transactional* data (supplier and customer invoices) is crucial as it ensures you focus on data quality and reduce data duplication.

36%

of IT leaders say employees are less efficient due to siloed data management processes.

#7 COMPLIANCE

Simply put, corporate compliance is the process of ensuring your company and employees follow the laws, regulations, standards and ethical practices that apply to your organisation. Effective corporate compliance will cover both internal policies, rules and country-specific laws, as well as ensuring that organisations are abiding by both industry regulations and government legislation.

To protect your business, your rebate management solution must ensure that your business systems centralise, consolidate, automate and streamline your processes. Communications relevant to your business' adherence to meeting government and professional standards and regulations in your industry must be filed. Your solution needs to do the heavy lifting for you.

#8 ANALYTICS

Whilst reporting is the process of organising data into informational summaries in order to monitor how different areas of a business are performing, analytics is the process of exploring data and reports in order to extract meaningful insights.

Data and analytics build off each other to deliver a deep understanding - or insights - into your user base. These insights provide essential wisdom about your users which can be used to better understand and improve the performance of your business.

However, the triumvirate and intersection of insights, analytics and data needs to be fully understood and transparent to all when planning your strategy. Insights cannot be obtained without analytics, which in turn, is useless without data. Real time data is key.

#9 PLANNING

If rebates are pricing best practice, both buyers and suppliers need a strategic plan for rebates and incentives.

For a successful rebate programme buyer-side, buyers not only need to track purchases from suppliers, they need to know what they should claim – and how.

For a successful rebate programme supplier-side, planning the sales strategy is critical, as rebates can be used to drive the sale of specific products, as well as providing incentives to valued customers.

Planning your budgets and forecasts and measuring against them will ensure your process is more efficient and that you maximise margins through improved purchasing decisions.

#10 TECHNOLOGY

It goes without saying that your business software technology must align with your business strategy, processes and people.

When considering a new software application, it is vital to ensure that the software and vendor are aligned to your organisation's objectives and future plans. However, you may have little experience in selecting a provider or implementing the solution. Whilst selecting enterprise-class software can transform your organisation into best-in-class, a poor choice can prove costly.

You need a vendor that can consult, guide and advise. One who will prepare your organisation for change and a successful implementation and one who will deliver on time and within budget.
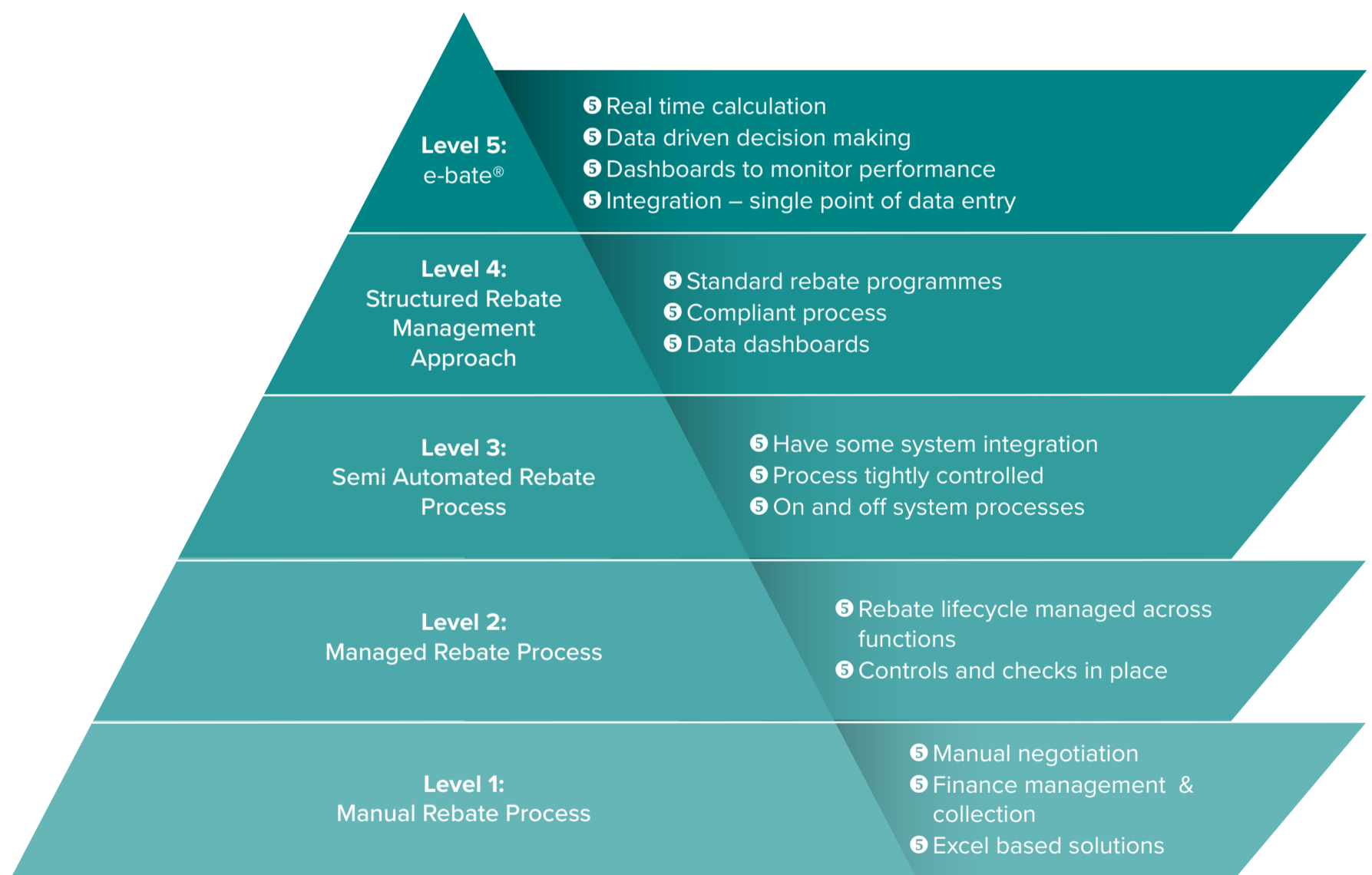
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03. BENCHMARKING REBATE MANAGEMENT PERFORMANCE

In order to improve, you need to know where you are to identify the areas for focus. Where are the quick wins and where do our challenges lie?

At e-bate, we have created a Maturity Model that defines rebate management programme sophistication on a scale from Basic and Professional through to Expert and Advanced.

Level 5:
e-bate®
- Real time calculation
- Data driven decision making
- Dashboards to monitor performance
- Integration – single point of data entry

Level 4:
Structured Rebate
Management
Approach
- Standard rebate programmes
- Compliant process
- Data dashboards

Level 3:
Semi Automated Rebate
Process
- Have some system integration
- Process tightly controlled
- On and off system processes

Level 2:
Managed Rebate Process
- Rebate lifecycle managed across functions
- Controls and checks in place

Level 1:
Manual Rebate Process
- Manual negotiation
- Finance management & collection
- Excel based solutions

03. Benchmarking rebate management performance

1 LEVEL ONE: ENTRY

Entry level organisations are typically handling their rebate management process manually through spreadsheets, with manual negotiation and finance management and collection.

To move to Level Two, these organisations need to:

a. Implement controls and checks
b. Manage their rebate lifecycle cross-functionally

2 LEVEL TWO: BASIC

At the Basic level, companies have a managed rebate solution in place, with their rebate lifecycle managed across functions. Controls and checks are in place:

To move to Level Three, these organisations need to:

a. Move to system integration
b. Begin to automate their processes

3 LEVEL THREE: PROFESSIONAL

At Level Three, companies have experienced the benefits of a managed rebate solution and have begun to semi-automate their rebate process. They have some system integration and their processes are tightly controlled with On/Off system processes

To move to Level Four, these organisations need to:

a. Implement data dashboards
b. Ensure compliance

4 LEVEL FOUR: ADVANCED

At Level Four, companies have a structured rebate management approach with standard rebate programmes, data dashboards and compliant processes.

To move to Level Five, these organisations need to:

a. Adopt software with a real time calculation engine
b. Employ data-driven decision-making
c. Integrate with a single point of data entry

5 LEVEL FIVE: EXPERT

At Level Five, companies have fully absorbed the e-bate® methodology, adopted the software platform and are reaping the benefits of:

- A real time calculation engine
- Data-driven decision-making
- Dashboards to monitor performance
- Integration with a single point of data entry

04. SPOTLIGHT ON THE REBATE MANAGEMENT FUNCTIONS

PROCUREMENT

> **Buyers negotiate complex agreements but then have little or no visibility of the financial impact until long after the event. This means that the team can leave money on the table due to delayed purchasing decisions.**

Give your buyers the tools to negotiate and analyse the performance of their rebate contracts. By enabling access to the data, they can make strategic buying decisions and be accountable for delivering the results.

With the analytics dashboard, buyers can better track spend and rebate thresholds to help manage costs and maximise the earning potential for all products and services.

With accurate accessible information they can effectively manage complex rebate programmes across a variety of products, with multiple suppliers.

As Category Managers and Chief Procurement Officers, you can establish the approvals chain and workflows that match your internal controls, driving best practices into your supply chain process.

FINANCE

> The Finance team is responsible for the calculation and payment or claim but have no visibility of the financial impact during negotiations. This function is accountable, yet not responsible.

Remove the silos that occur between the Finance and Commercial teams, deploying a single solution which allows you to Contract, Transact, Reconcile and Analyse, providing you with tight visibility and accuracy around inbound and outbound rebate claims and payments.

When commercial decisions are made, you can see the financial impact immediately, saving a significant proportion of your time dealing with queries. You can drill down to understand the detail behind the numbers and every change is audited.

Eliminate the worry of missing an agreement, negotiated offline, which you don't know even exists. You can have **100% confidence** that you are paying, or claiming, for all rebates.

04. Spotlight on the rebate management functions

COMMERCIAL

> Commercial Teams negotiate complex agreements, but then have little or no visibility of the buying patterns or behaviours, until long after the event. This means that the team can leave revenue on the table.

Give your sales teams the tools to negotiate their rebate contracts whilst with the customer. By enabling access to the data, they can make strategic sales decisions and be accountable for delivering the results and maximising margins.

With the analytics dashboard, sales teams can better track customers' spending patterns and help secure greater volumes through providing rebates and incentives to valued customers.

With accurate and accessible information, you can effectively manage complex rebate programmes across a variety of products with multiple suppliers and understand how they are performing.

As Commercial managers, you can establish the approval chains and workflows that match your internal controls, driving best practices into your supply chain process.

MANAGEMENT

> Management teams are responsible for the overall business performance. Whether your business relies on rebate income to be profitable, or rebate payments which reduce margin, you need an effective way to track Key Performance Indicators.

Have real time, integrated data presented to you in a dashboard, where you can proactively make decisions to change the outcomes of your business results.

Rebates and incentives account for a high volume of both transactions and monetary value within your organisation, yet they are managed on a spreadsheet that is prone to human error and omission, have significant time delays and do not give you the ability to plan for the future.

You need to be able to identify and analyse trends to help make informed decisions.

IT

> IT teams are expected to know everything. They are responsible for advising on technology solutions, but often have little experience in specialist areas. Choose a specialist provider to work with you. One that can guide and advise, has the agility and flexibility you need and can work seamlessly with your in-house IT team.

When choosing a new technology solution, make sure it fits with your overall IT Strategy. This is not just a question of the cost of implementation or the license fees. It's about the total cost of ownership. How much can your business self-serve, rather than relying on the vendor to customise at a high cost?

Software as a Service products (SaaS) are software products that are hosted by a central provider and offered to customers through the cloud. Rather than having to install or download a copy of the application, users can access the product from a web or mobile browser.

Your chosen SaaS solution should be highly configurable and have a strong product roadmap, ensuring your business always has access to the latest innovations in technology.

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STRATEGY AND PRICING

> Strategy and Pricing teams are responsible for maximising profits and shareholder value within their market. Data, analytics and insights are required to drive pricing performance.

A pricing strategy is a model or method used to establish the best price for a product or service.

Pricing strategies help you choose prices that maximise profits and shareholder value while considering consumer and market demand. There are many pricing strategies, but how can you choose which one will maximise your organisation's profit and revenue?

Having a single data source that can track your net price and any discounts, rebates and other incentives that have been given, will allow you to understand your net price, which you can then feed into your price optimisation process.

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05. TAKING YOUR REBATE MANAGEMENT TO THE NEXT LEVEL

> There are hundreds of reasons why spreadsheets are brilliant, but sometimes they really are not up to the job in hand.

SPREADSHEETS

There are hundreds of reasons why spreadsheets are brilliant, but that is also the problem. What starts as a small project suddenly grows a head of its own, until you're left with a behemoth – a monster which suddenly becomes slow and unstable, leaving you with audit issues and reliance on a single source. An unwieldly spreadsheet can be your worst nightmare.

Do any of these issues sound familiar?

- **Multi-user editing.** Only one user at a time can open a workbook.
- **Shared workbooks.** With limited functionality, online spreadsheets are really only a contender for the simplest of tasks.
- **Linked workbooks.** Links on links on links – a source of frustration and instability
- **Data validation.** By default, spreadsheets accept whatever the user types including transposed digits and mistyped words.
- **Navigation issues.** Large workbooks become impossible to manage and difficult to navigate for anything more than a few tabs.
- **Security issues.** Protection is geared towards protecting the structure of the workbook, rather than the data itself. There is no audit trail of changes or a roll-back mechanism.
- **Speed.** Spreadsheets aren't the fastest applications in the world and programming language is inefficient.

If any of the above ring a bell, you need to ease your frustration and call on a service, which quite simply, can do a far better job.

05. Taking your rebate management to the next level

> Finance systems and ERP are often generic. If you want the best, then you need a specialist solution. One designed specifically for your business needs.

FINANCIAL ISSUES

Financial systems and ERPs are the core transactional systems used to manage your day to day business. Often these systems do not totally meet your business needs so you either undertake costly customisations or find a specialist tool that can integrate with your core systems.

But perhaps you need something more sophisticated that can deal with a level of complexity your ERP cannot — multiple rebate and incentive types against a single invoice line, or the digital production of an agreement?

Unfortunately, as you have already invested in your ERP, you try to use its functionality. This can lead to implementing a solution that is not fit for purpose and you still end up with off-system workarounds.

Do any of these issues sound familiar?

- **Limited functionality.** The ERP does not match the needs of the complexity your rebates and incentives require. Hierarchies are not suitable for restricting rebates for certain customers, geographies or products.
- **Ridged or no workflows.** ERP has very limited capability for customers to build their own workflows which align with their business processes and governance. Lack of flexibility and/or missing functionality mean communication and approvals tend to happen outside the system.
- **Business processes.** The system functionality does not match your business processes, which in relation to rebates and incentives must be flexible. Without the flexibility, you are in the hands of your software vendor to make changes and customise processes for you.
- **Limited reporting.** Even if the data is in your system, you are unable to fully analyse it to provide each role with the insights required to make decisions.
- **Expensive licence costs.** Additional and costly licence fees are required to expose the process to all parties involved across your supply chain.

> Solutions claim to manage rebates. Often, they offer a broad breadth of functionality, but not necessarily the depth required to deliver your rebate and incentive process.

PRIMATIVE REBATE MANAGEMENT SOLUTIONS

There are many solutions available on the market that claim to handle rebates. However, when you look under the bonnet, whilst they have a broad breadth of functionality, they do not have the depth required to deliver your business process, resulting in the need for a high level of customisation and integration into your core systems.

Lengthy implementation timescales and increased costs follow.

If you're moving from spreadsheets to an automated solution, basic functionality can look exceptional. The truth is though, you need to consider your process as a whole to ensure your needs are met and your business is getting a real return on your investment.

Do any of these issues sound familiar?

- **Digital agreements.** The system doesn't allow you to create your agreements against predefined templates. You cannot automatically produce a digital copy. The other party cannot digitally sign. You cannot electronically store agreements within your system.

- **Limited reporting.** Even if the data is in your system, you are unable to fully analyse it to provide each role with the insights required to make decisions.

- **Ridged or no workflows.** You have very limited capability for customers to build their own workflows which align with their business processes and governance. Lack of flexibility and/or missing functionality mean communication and approvals tend to happen outside the system.

- **Business processes.** The system functionality does not match your business processes which, in relation to rebates and incentives, must be flexible. Without the flexibility, you are in the hands of your software vendor to make changes and customise processes for you.

- **Modelling.** Using the data to create 'what if scenarios' to model your future strategies is limited, which leads to increased offline processing and data duplication.

When looking to move from a spreadsheet or manual solution to an automated solution, you need to find specialist consultants that have the expertise to support, advise and guide you in establishing best practice. Making a mistake in a complex business process will be extremely costly.

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The Ultimate Rebate Management Solution

REVOLUTIONISING REBATES

Now you can manage even the most complex rebates, quickly and easily.
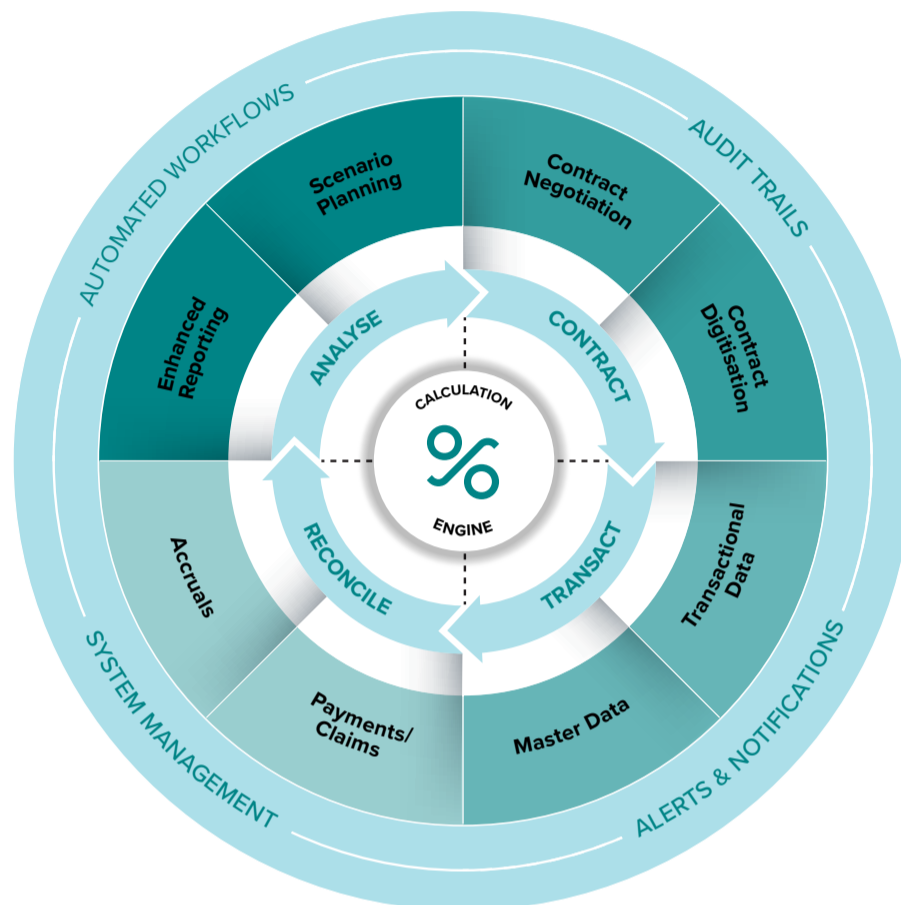
"The savings in man hours and problem solving are huge.
I wouldn't hesitate in recommending e-bate to other businesses"
Moses Tan, Sales Manager
LafargeHolcim

Our knowledge and expertise in rebates and pricing and our ability to translate this into a technical solution is what makes us stand out. The way we engage with and support our customers is why they choose us.

Let's talk.

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Request a Demo: https://insights.e-bate.io/request-a-demo

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