



Rebate Management: Is ERP Or Specialist Software the Better Choice?



Introduction: ERP or specialist software for rebate management?

So you’ve reached a point where the way you manage your rebate agreements just isn’t working any more. You’ve either maxed out the capabilities of your legacy ERP system, or you’ve decided it’s no longer viable to track, manage and calculate rebate in standalone spreadsheets.

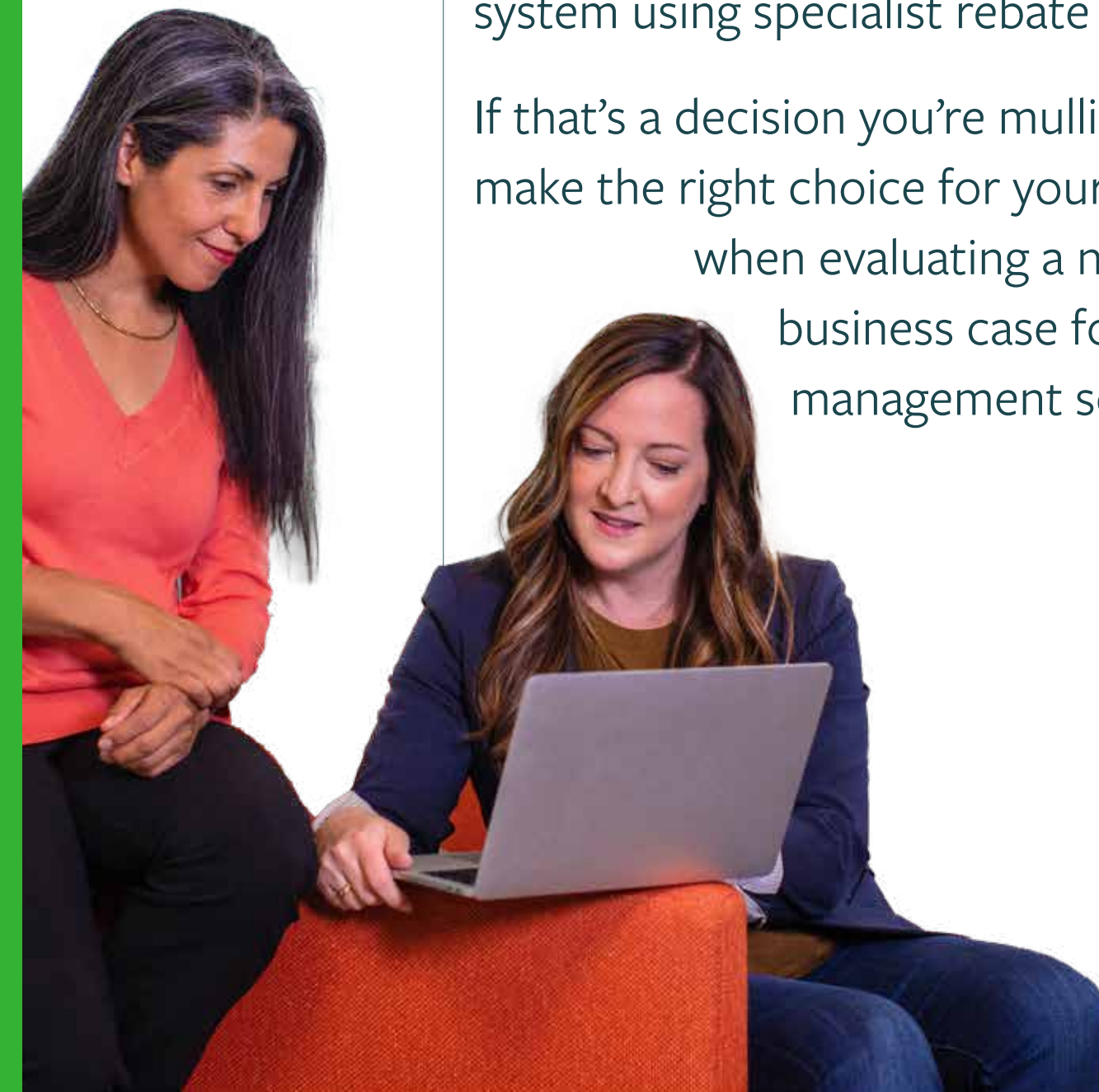
You know you could be managing rebate more strategically, even turning it into a primary revenue stream for your business. And you definitely want to automate as much of the day-to-day rebate management, accounting and reporting as possible. But what’s the right way forward?

For most companies looking to up their rebate management game, it generally comes down to a binary choice: invest in a new ERP system that offers rebate management functionality, or manage it outside of the ERP system using specialist rebate management software.

If that’s a decision you’re mulling right now, this guide will help you to make the right choice for your business. We’ll cover what to look out for when evaluating a new or upgraded ERP – and set out the business case for using Enable as your specialist rebate management solution.

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What to consider when evaluating an ERP solution

Most ERP systems include some kind of rebate management functionality, allowing companies to record contract terms and calculate and accrue rebate owing or owed. But when you take a closer look, the standard ERP functionality doesn't always offer the level of sophistication that rebate-intensive businesses need.

If your rebate agreements have any of the following characteristics, it's worth taking a good look "under the hood" of a prospective ERP system to see if it can handle them in the way you need it to:

+ **Complex deal structures:**

For large distributors especially, rebate agreements can be highly complex, with multiple



tiers and varying incentives based on criteria like overall value or volume of goods sold, value or volume of specific products sold, or goods sold into a specific market or geographical region. These terms can be hard to model accurately in the ERP, as can monitoring and accounting for rebate earned at the branch or SKU level.

+ Large volume and variety of deals: Distributors who sell products from multiple manufacturers, or operate in many different geographical regions, may be participating in hundreds of different rebate programs, and types of rebate program, at any one time. It's likely that without customization, the ERP is unlikely to be able to handle all of the different deal types –

meaning you may well have to track and manage some of them outside the ERP.

+ **Unusual or bespoke deals:**

Certain deal types, such as special pricing agreements, are bespoke contracts between a manufacturer and a distributor, or a distributor and its reseller partners. They're designed to support the specific business goals of the participants, with tailored incentives for desired behaviors and outcomes. Such bespoke structures may not be replicable using the rigid menu options in a typical ERP system. single one of those pieces of paper goes through a different process – receiving, reading, logging, responding, filing etc. Then if you multiply that by the number of pieces of paper you've got, that's a lot of time your employees are handling simple, repetitive tasks when they could be doing something

more productive. If the document is not filed away correctly, they then spend more time searching for it.



"We spoke to ERP vendors who said they could handle our rebates, but upon our evaluation they were simply not capable of the level of granularity we needed. The ERP was so stringent and tightly managed that they couldn't handle the outside data complexities that exist in a company this large"

Bob Gay

Rebate and Incentive Program Specialist, Advance Auto Parts

What happens when ERP can't handle rebate complexity

While ERP vendors may say their systems can handle complex rebates, many companies find that the volume, variety and complexity of their deals can't be accurately reflected in the ERP system. When that happens, they have to resort to workarounds like:

Customization:

Some ERP systems can be customized to reflect specific business practices, but the time, effort and cost of this work can be prohibitive – and custom code also makes it much harder to upgrade or migrate the system in the future. And as today's ERP systems tend to be delivered on a multi-tenant cloud model, customization (as opposed to configuration) may not even be an option.

Spreadsheets:

If the ERP can't handle rebate complexity, finance teams often fall back on spreadsheets to track, calculate and accrue rebate earnings. Apart from taking up a huge amount of admin time, spreadsheets are notoriously prone to error and accidental deletion, difficult to share with trading partners, and require data to be manually keyed into the ERP for reconciliation. If you've chosen an ERP system specifically to remove the burden of tracking and managing rebate in spreadsheets, having to go back to them can be an unpleasant surprise.

Putting up with it: Another option is to try to work with whatever rebate management functionality the ERP system offers. But without the ability to specify the exact terms, or to track performance to a fine degree of granularity, this can lead to large amounts of rebate going unclaimed.



33%

of companies said they found it difficult or very difficult to make changes to ERP systems

Ventana Research, 2014

“We have a lot of hierarchy with our products and our customers, and that's the problem which our ERP can't handle. We totally depend on that for our products and for our customers. If we stuck with a manual solution, it would make my job 10 times longer than it currently is!”



Kerry Camp
Credit Manager, Balford



Lack of ERP functionality means rebate can't be managed strategically

None of these options deliver what companies are usually looking for from a rebate management solution: an easy, automated and reliable way of recording rebate agreements, accounting for rebate earnings,

and invoicing for them accurately and on time.

Having to resort to compromises or workarounds is particularly frustrating if rebate is (or could be) a critical revenue stream for your business. With a sophisticated rebate management system in place, rebate can be managed strategically to support business growth and profitability. But without one, rebate management becomes a hefty admin job that can still result in money being left on the table.



“Our legacy ERP had a rebate program embedded in it. It did provide the data, but it was really time intensive to run those reports. The person running those reports would do them after hours or on weekends just to free up processing time.”

Chris Morris

Director of Commercial Operations,
Balford



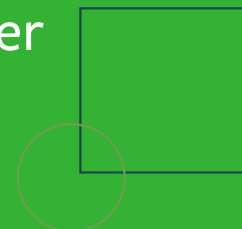
The business case for specialist rebate management software

So what's the alternative? If your rebate agreements are more complex than your ERP can handle, or if you think they may get more complex in the future, a better solution may be specialist rebate management software – like Enable – that can integrate with your ERP or finance system. As a dedicated, cloud-based rebate management system, Enable can handle as many as 300 different types of rebate agreement, in as much granularity as you need. No matter how bespoke your deals get, it's highly likely we can support them.

What Enable can offer that an ERP can't

Enable has unique features for rebate management that aren't available in most ERP platforms:

- + Centralized deal repository
- + Deal creation with complex calculation mechanisms
 - + Robust audit trail
 - + Automatic calculation of rebate earnings
- + Automated approval workflow
- + Accrual earnings calculation
- + What-if scenario planning
 - + Year-on-year and opportunity reporting
- + Powerful real time forecasts
- + Supplier collaboration portal
 - + Payments control
 - + Progress tracker



But for companies weighing up the pros and cons of ERP vs. specialist software for rebate management, there are a lot of other benefits to consider, too – both in the short and long term.

Immediate benefits to consider

+ Short implementation time:

ERP implementations are notoriously lengthy, especially when customizations, complex data migrations, third-party integrations and multiple business entities are involved. Enable, on the other hand, can be up and running in as little as 20 days from project start.

“We chose to implement Enable alongside our ERP implementation for cost savings, but their onboarding is much shorter than any ERP implementation.”

Bob Gay - Rebate and Incentive Program Specialist, Advance Auto Parts



+ ERP integration: We designed Enable to integrate easily with today's leading ERP systems, including Oracle, SAP, Sage and NetSuite, as well as legacy ERP and EDI systems and business intelligence dashboards. With over 18 years of integration experience, we have a proven process to get Enable integrated with your core systems – often in just a few weeks.

To learn more about how we handle the integration, read our white paper [Seamless ERP Integration with Enable](#).

+ ROI in under three months:

For distributors, one of the best things about Enable is that once all your data is in, there's a high chance it will find rebate owing to your business that you haven't claimed. That, combined with the ability to track, calculate and reclaim rebate much more efficiently in Enable, typically leads to a full return on investment in under three months.

“Enable helped us to claim income that would otherwise have been missed. Its reporting functionality allowed us to focus in on a particular section of our trading agreements so we could easily compare this to the income that had been claimed, identifying income that had been missed.”

Kevin Betts Finance Manager,
Grafton Group plc

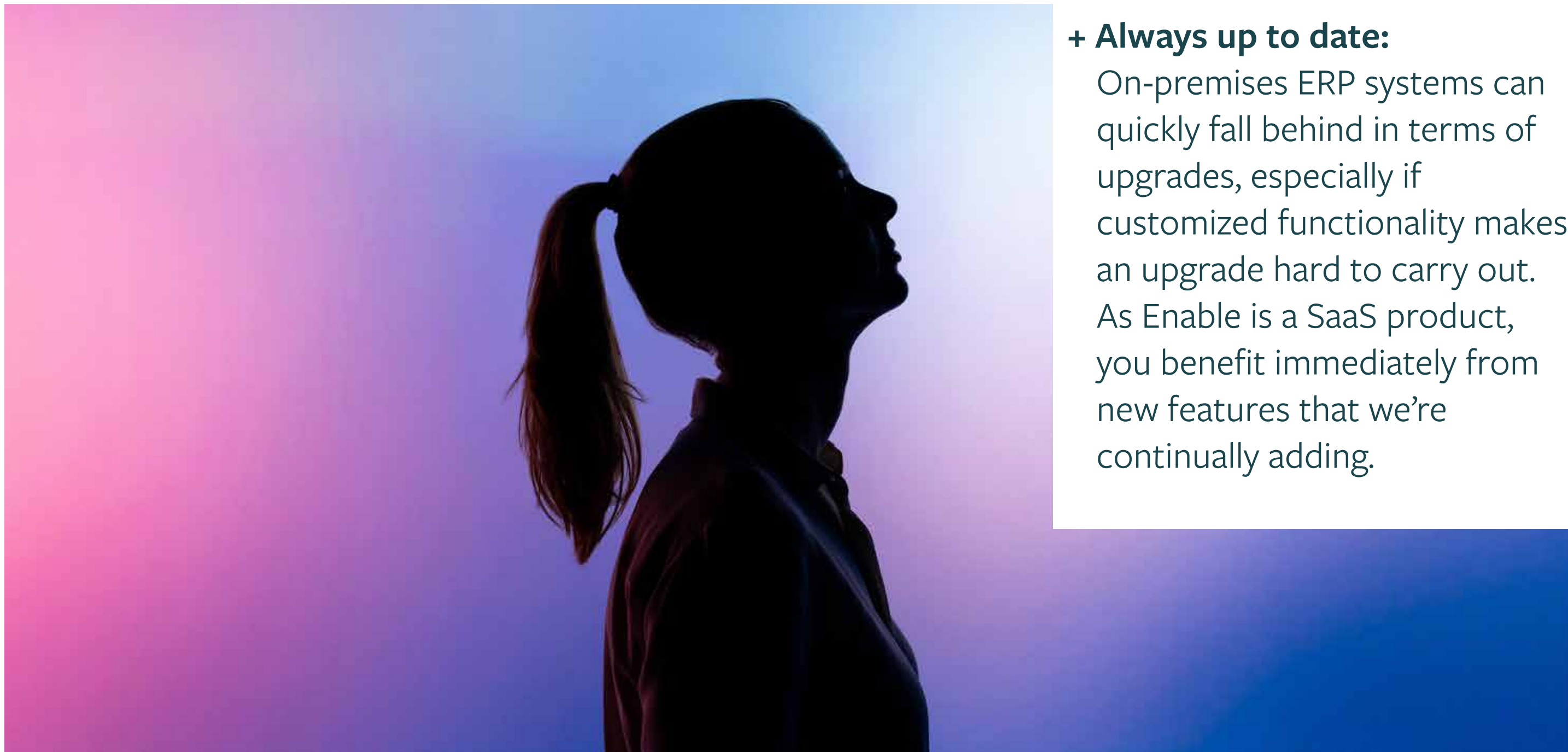
+ Dedicated customer success team: With Enable you get your own dedicated customer success manager who can help you and your organization get the most value out of the software – whether that’s help to model a particularly complex deal type, or help to make use of new features and functionality as it’s added.

“Enable quickly rose to the top because they were the only vendor that could deal with our complexity.”

Bob Gay Rebate and Incentive Program Specialist, Advance Auto Part

Enable was perfect because it can deal with complexity. If we stuck with a manual solution, it would make my job 10 times longer than it currently is!”

Kerry Camp Credit Manager, Balford



+ Always up to date: On-premises ERP systems can quickly fall behind in terms of upgrades, especially if customized functionality makes an upgrade hard to carry out. As Enable is a SaaS product, you benefit immediately from new features that we’re continually adding.

Longer-term benefits to consider

Beyond the immediate gains, there are significant longer-term benefits to choosing Enable rather than ERP for rebate management:

- + Maximize rebate income:** If your organization is claiming rebate from suppliers, Enable will ensure you don’t leave anything on the table. Your rebate agreement terms can be accurately modelled and all of your claimable rebate will be automatically calculated and invoiced – so you don’t miss out on a penny of what you’ve earned.
- + Stay on top of performance:** Our advanced reporting capabilities mean you get insight into your current rebate position at all times. Plus you can set up custom alerts – for

example to let you know when you’re approaching the threshold of a rebate tier. If you’re a manufacturer offering rebates to your channel, you can stay on top of how much revenue your partners are generating for your business, and how much rebate they’ve earned.

+ Ease reporting and compliance: With accurate rebate data fed from Enable directly into your ERP system and BI dashboards, you can produce management and statutory reports faster and more easily. That means you can be confident that you’re calculating, accruing and reporting on rebate accurately and in a timely fashion, meeting the expectations of stakeholders, investors and market regulators.

+ Work more effectively with partners: The irony of rebates is that they're intended to foster positive working partnerships, but their complexity often ends up creating friction and ill-will instead. This is especially true if rebate terms aren't accurately reflected in the ERP. With Enable, you have a complete, accurate and up to date view of rebate performance, eliminating disputes over who sold how much of what, when, and at what price.

+ Work more efficiently within the business: Rebate agreements tend to be negotiated by commercial teams but managed by Finance, and sometimes things can get lost in translation. If the terms agreed aren't replicable within the ERP, for example, it means some agreements may have to be re-negotiated or managed outside

of the ERP system, creating admin and internal friction. With Enable, agreements can be built directly in the portal and

40%

of organizations mistakenly believe cloud ERP will automatically result in faster financial reporting – but a lot of the same issues remain.

insightsoftware, 2019



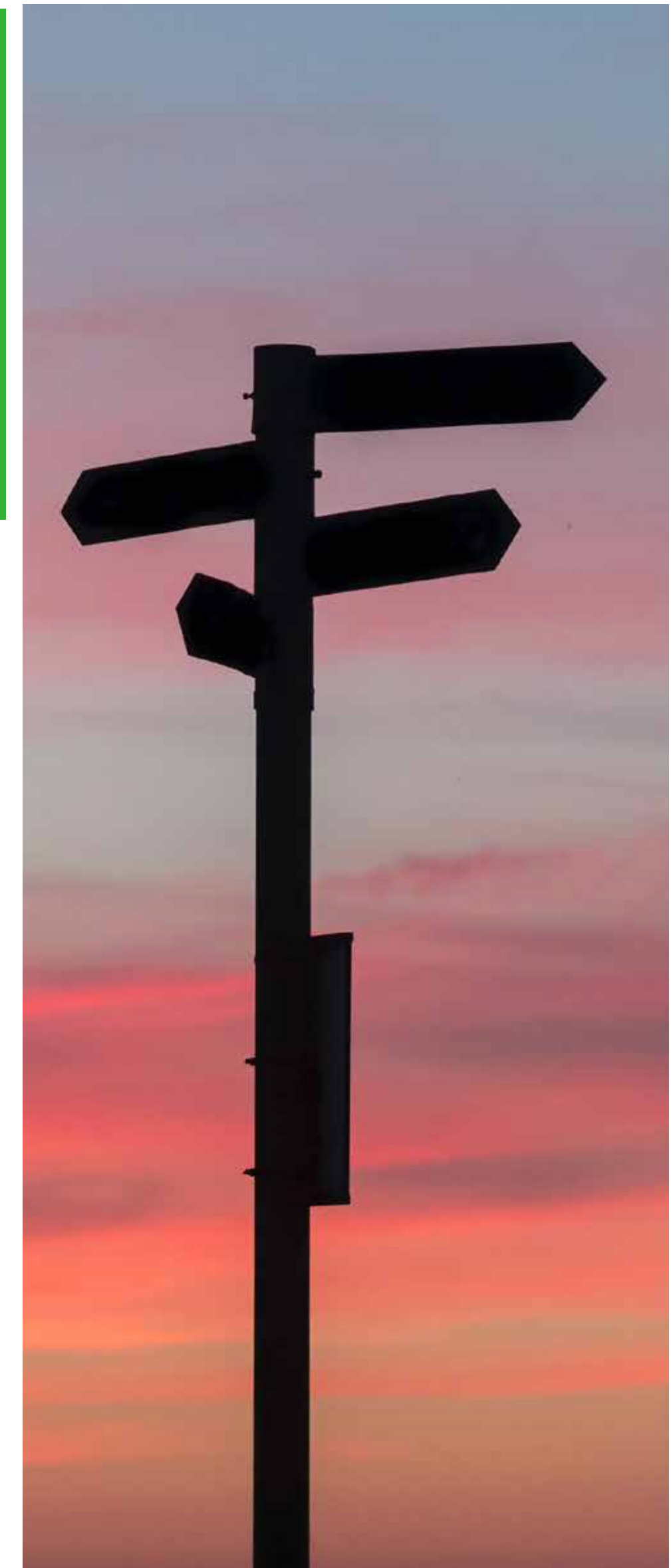
integrated with the ERP system – so there's minimal admin, and no scope for misunderstanding.

+ Make rebate a key revenue stream: For distributors, rebate can become a significant revenue stream in its own right, sometimes making the difference between profit and loss. But when it's hard to get an overall view of rebate performance, or insight into how it could be managed more strategically, that opportunity can easily be overlooked.

A key factor for us was to get to more self-service type applications. We want our customers to own their own experience versus us having to direct them. That was one of the big gaps in our legacy system and one of the reasons we made a change both to our ERP and to our rebate platform.”

Chris Morris Director of Commercial Operations, Balford

Unlike ERP systems, Enable is 100% designed to help you use rebate agreements to grow your business and develop more profitable relationships with trading partners. Data from Enable lets you see where you and your partners work best together, arming you with insights to focus on the right products and sales strategies for maximum impact and income.



Conclusion:

If rebate is an important element of your business growth strategy, or may become so in future, it pays to have software that can manage it as effectively – and as strategically – as possible.

In this guide we've looked at why ERP is not the only option for streamlined and automated rebate

management – and it may very well not be the best one for your business. By contrast, a specialized rebate management solution like Enable, integrated with your ERP, can support your whole business to maximize rebate-related revenue and achieve your business goals faster.

If you'd like to take a closer look at Enable before making your decision, schedule a demo via **enable.com**

