Chargebacks and Rebates Using Vistex Software

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About the Speakers

Emmanuel Neela

- Software Engineer III

- W.W.Grainger Inc

- 15+ years of SAP functional and technical experience

- Fun Fact – I play cricket game

Oxana Corbett

- Software Engineer

- W.W.Grainger Inc

- 18+ years supporting financial systems on mainframe and SAP

Key Outcomes/Objectives

1. Optimize cost recovery and rebates process using Vistex software

2. Simplified system processes and data flow

3. Financial benefits and audit risk control

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Agenda

- Company Introduction

- Cost recovery overview

- Chargebacks overview

- Rebates overview

- Benefits from Vistex

W.W.Grainger Inc

- Grainger Purpose - We help professionals keep their operations running and their people safe, while creating a company where dedicated, talented people can thrive
- W.W. Grainger, Inc. is a broad line, business-to-business distributor of maintenance, repair and operating (MRO) supplies and other related products and services.
- Founded in 1927; more than 90 years of service
- Leading distributor of MRO products for business
- 2018 revenues of $11.2 billion
- More than 3 million active customers, average customer invoice is around $300, approximately 5,200 suppliers with 1.7 million products stocked
- Grainger employs nearly 25,000 team members across the globe

W.W.Grainger Inc

- E-commerce facts
    - Grainger is ranked 10th largest e-commerce retailer in North America by Internet Retailer
    - First commerce-enabled website in the industry (1996)
    - Online-only businesses for small customers (MonotaRO 2000; Zoro 2010)
    - 69% of orders originated through digital channels in the U.S. (Grainger.com, KeepStock® and EDI/ePro)
- Strong balance sheet and cash flow generation

Cost Recovery - Chargebacks
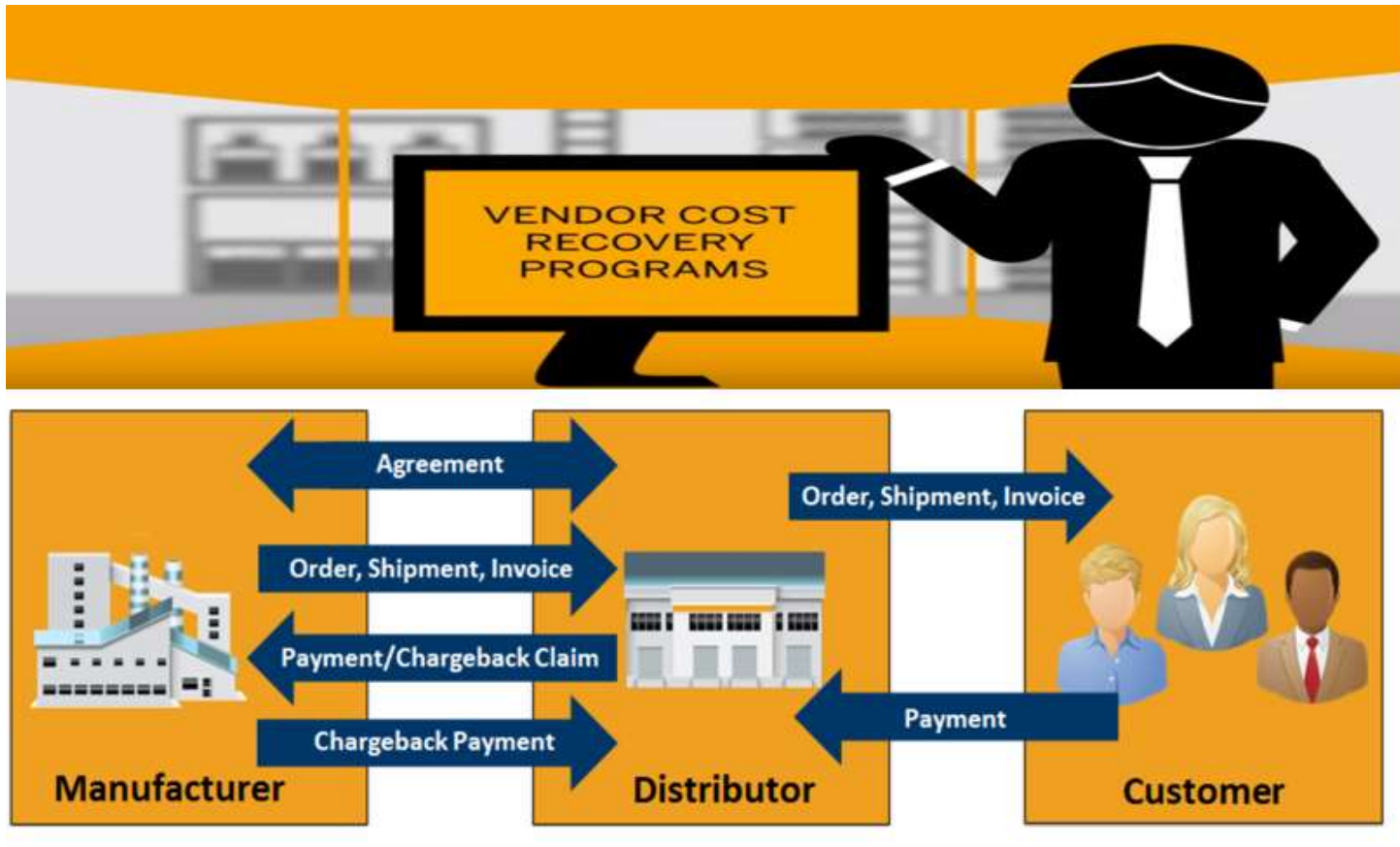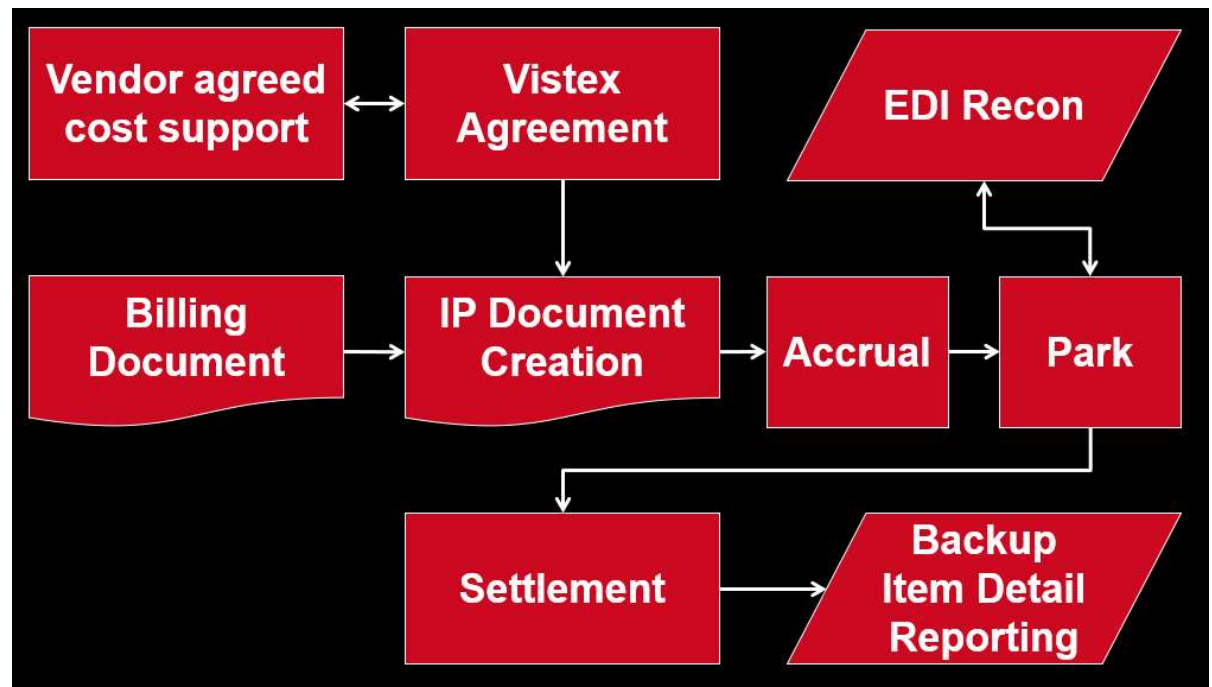
Types of Chargebacks

- **Cost Support (CS)** – Suppliers help provide lower SKU specific invoice costs for a customer bid to help Grainger be more competitive while maintaining margins

- **Market Funding (MF)** – Suppliers provide funding to support Grainger's marketing programs as a flat percentage of COGS

- **Warranty (WR)** – Product failures that are scrapped are reimbursed at the product cost

- **Vendor Rebates (VR)** – Suppliers provide purchase or COGS rebates using flat rates, thresholds or scales to help promote mutual growth

Chargeback Process

End Customer Cost $29

Distributor Price $30

Claim $1

Pay $1

Manufacturer

GRAINGER
FOR THE ONES WHO GET IT DONE

Ship and Invoice $29 + Markup

Customer

System flow

Cost support New Features

- Agreement entry validation with check on if minimum rules of vendor/customer/material is maintained

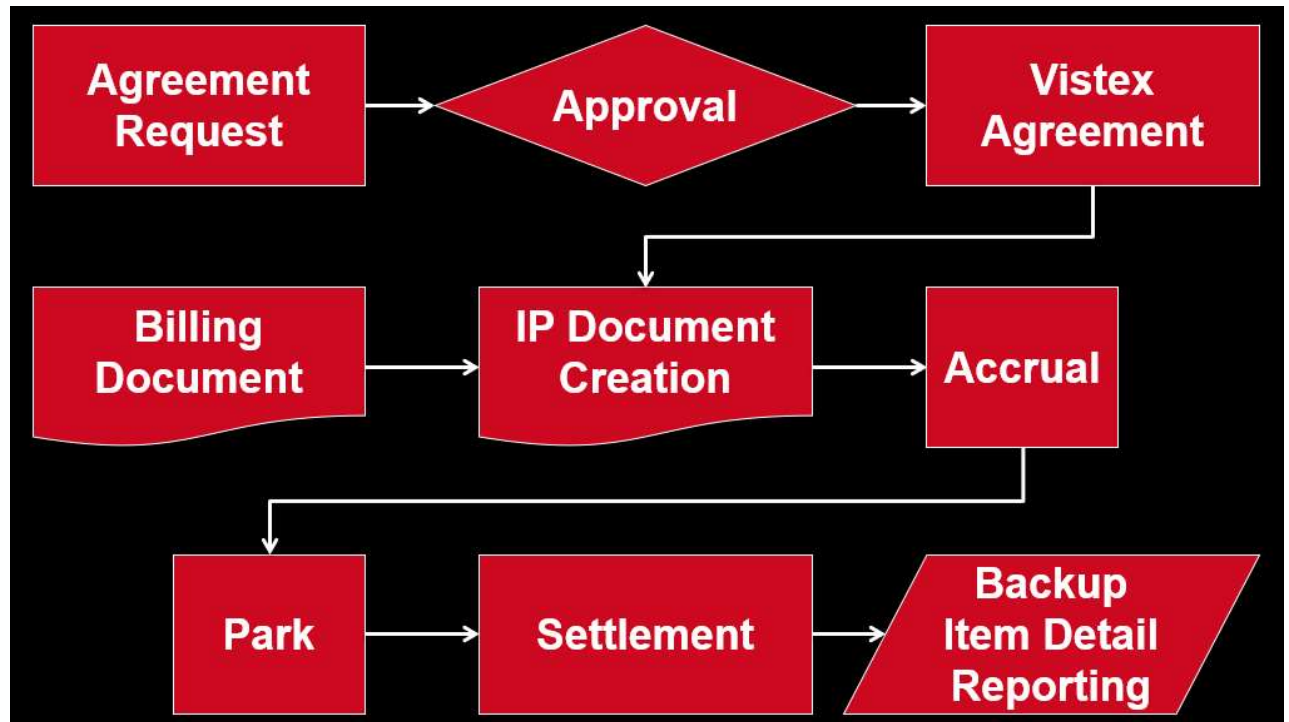- Item cost populated in agreement rules

- Separate out short-term agreements

- Customer exclusion rule

- Automated monthly settlement process

- Automated supplier notification emails when settled

- Accrual and settlement reconciliation report

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Market Funding & Warranty

Agreement Request → Approval → Vistex Agreement

Billing Document → IP Document Creation → Accrual

Park → Settlement → Backup Item Detail Reporting

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MF and WR New Features

Agreement Request and status flow approval process

Ability to chose park or no-park in agreement

Ability to choose settlement partner and frequency

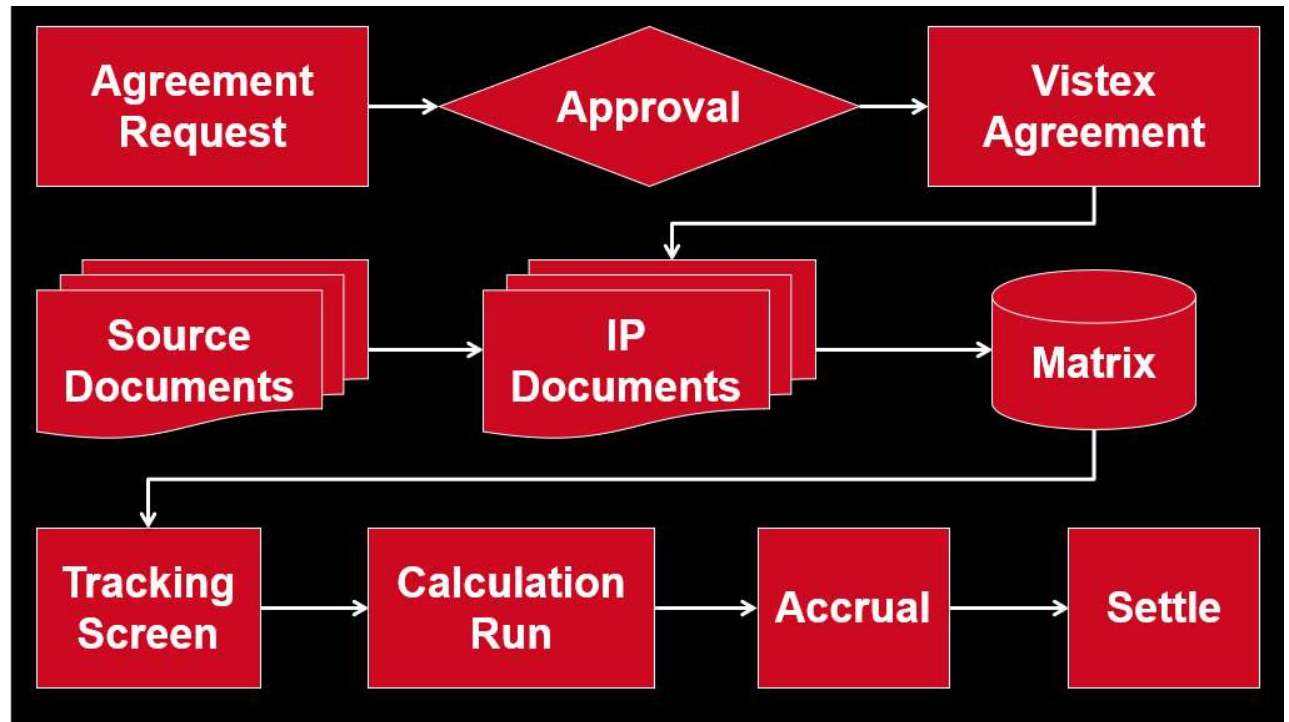Eligibility and Exclusion rules

Business division exclusion rules

Automated the quarterly settlements

Automated supplier notification emails when settled

Item detail backup report posted on supplier connect portal

Accrual and settlement reconciliation report

Vendor Rebates

Vendor Rebates New Features

- Agreement Request and status flow approval process

- Ability to setup rebate for a flexible group

- Calculation of supplier rebate amount using graduated scales

- Chargeback net off options

- Export data from matrix tables and share with supplier for item detail backup

- Automation of accruals and settlement postings

Project Benefits

- **Reduced time to complete monthly close activities**

- **Fewer Enterprise Systems and Business resources needed**

- **Ability to manage and track unique agreements**

- **System managed compliance for SOX and Audit requirements**

- **Flexibility with chargeback net off amounts in rebate calculations**

- **Inclusion of graduated vendor rebate calculations**

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Project Benefits

- **Automated month-end accruals and settlement process**

- **Supplier settlement backup email notifications**

- **Connections to upstream and downstream data feeds**

- **User friendly reporting**

- **Item detail backup reporting**

- **Increased agreement master data accuracy**

- **Agreement indices search capability**

- **Customized user screen layouts**

Revenue Benefits

- Settlement emails being sent automatically from Vistex reduced the manual work of one dedicated business resource.

- Millions of revenue is collected annually via Vistex chargebacks and rebates application.

- Item detail report being available for vendors has reduced number of disputes and paybacks.

- Controls and E&Y audit has become easy since the application is fully secured/access controlled and saved one full time resource of overseeing the approvals and audit.

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Presentation Materials

Access the slides from 2019 ASUG Annual Conference here:
http://info.asug.com/2019-ac-slides

Q&A

For questions after this session,
contact at emmanuel.neela@grainger.com

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