



Hitachi Consulting's Revenue Management services work with companies to ensure closed-loop management processes, systems, and analytics that maximize revenue and margin opportunities through demand-shaping activities such as trade promotion optimization, marketing resource management, and customer care.



Solution Overview: Trade Promotion with SAP Vistex

Business Challenge

Manufacturing and distribution companies managing trade promotion or earned income programs struggle with the complexity of the various programs and the ability to understand the profitability of spent dollars. As these programs are often managed with disparate or non-integrated systems, key stakeholders find themselves unable to make informed decisions on new deals or even measure existing deal performance.

Without a complete and single-source view of customers, deals, programs, and profitability, companies are still executing too many programs and initiatives simultaneously, thereby diluting overall effectiveness of a promotion or offering. In a worse-case-scenario, deals are agreed upon without transparency, leading to unpredictable results, including unprofitable deals and a mis-use of funds.

Trade spend and earned income processing is a necessary but often arduous activity for many consumer products manufacturing and distribution companies. Unfortunately, most of the companies who relate to these business challenges resign themselves to an unfortunate position: "We have a lot of data, although it is incomplete, inaccurate, and untimely. If we could just use this data to enable decision makers to make fact-based decisions, it would provide significant dollar benefit to the bottom line."

Solution

Amidst this frustration, some companies investing in an integrated Trade Promotion Management (TPM) capability are finding that a common processing engine allows for up-front deal control, as well as comprehensive down-stream reporting. The Incentives and Paybacks (IP) solution provided by **Vistex**, the recognized leader for SAP customers, is helping companies overcome these challenges.

The IP module provided by Vistex enables up-stream deal control in the form of workflow approval, expected deal performance, and budget checking. The Vistex IP module is capable of handling transaction-based programs as well as complex growth-type programs that need to calculate formulas based on data over a period of time.

Companies that implement a TPM solution are building a foundation to "close the loop" and actually use the data collected and processed to influence the planning cycle and make better decisions around funds allocation by program, customer, and product. The key to a successful TPM solution is to enable decision makers to use real-time data to respond to the market and make optimized promotion decisions. Companies that are able to do this are finding that they hold a competitive advantage in their market space.

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Business Benefits

Companies that implement the Vistex TPM solution can expect to see improvements in consolidating its trade spend activity, enabling a better view of:

- Trade promotion effectiveness
- Deal performance
- Program, deal, customer, and product profitability
- Trade spend budget, actuals, and commitments analysis
- Trade spend processing efficiency
- Product flow visibility through the supply chain
- Contract compliance

These business capabilities translate into tangible bottom-line dollar benefit. Companies can expect to see:

- Reduction of overpayments of 1 – 3 %
- Increase in margin lift of 1 – 3 %
- Reduction in budget overruns of 3 – 5 %
- Increase in transaction processing efficiencies of 5 – 10 %

Our Approach

Working closely with a company's division leaders, Hitachi Consulting can help your company implement effective business processes and a new system from discovery through design, development, and roll out across the company. This activity includes a change management component to help people understand and adapt to a common, standard, and centralized set of processes, as well as training on the system. We believe in a collaborative approach, teaming together with your resources to reduce implementation timeline, reduce project risk, and maximize knowledge transfer.

Implementation Best Practices

- Develop a business case to focus on tangible benefits and critical business requirements
- Begin data cleansing efforts immediately; poor data quality can easily become the critical path
- Develop a conceptual design for all programs before implementing the first one
- Define reporting and analytical requirements upfront to ensure that the data is captured during deal setup and claims processing
- Create a change management plan to define how the project team will address the key changes
- Implement the various programs in logical groups

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About Hitachi Consulting Corporation

As Hitachi, Ltd.'s (NYSE: HIT) global consulting company, Hitachi Consulting is a recognized leader in delivering proven business and IT solutions to Global 2000 companies. With a balanced view of strategy, people, process and technology, we work with companies to understand their unique business needs, and to develop and implement practical business strategies and technology solutions.

Hitachi Consulting's client base includes nearly 25 percent of the Global 100 and many leading mid-market companies. From business strategy development through application deployment, we help clients quickly realize measurable business value and achieve sustainable ROI.

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