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Trade Management

Earl W Eldridge

Senior Director EBS CRM Product Management



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Improve Trade Fund Ops with Release 12 Trade Management: Leveraging All the Capabilities of Oracle Trade Management

- Challenges
- Oracle's Solution
 - Budgets
 - Programs and Pricing Management
 - Settlement
- Evolution of Trade Management



Oracle At-a-Glance



Founded in 1977. Headquarters in Redwood Shores, CA with operations in 145 countries.

- 275,000 total customers
- 220,000 database customers
- 30,000 applications customers
- 19,000 SMB apps customers
- 30,000 middleware customers
- 17,700 partners
- 60,000 employees
- 14,000 developers
- 7,000 support staff

Globally...

#1 in Database

#1 in Customer Relationship Mgmt

#1 in Supply Chain Mgmt

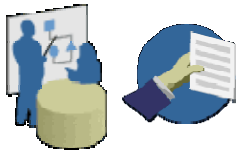
#1 in Human Capital Mgmt

#1 in Industries

- Retail
- Communications
- Public Sector
- Professional Services
- Financial Services

Trade Management At-a-Glance

Develop Plan



- Define budget
- Create promotions

Track Funds



- Monitor accruals
- Update budget

Settle Claims



- Verify performance
- Update general ledger



- Over \$95B in trade funds are spent in the U.S. annually, with \$18B for unidentified purposes
- Trade funds can represent 10-20% of a CPG product's revenue

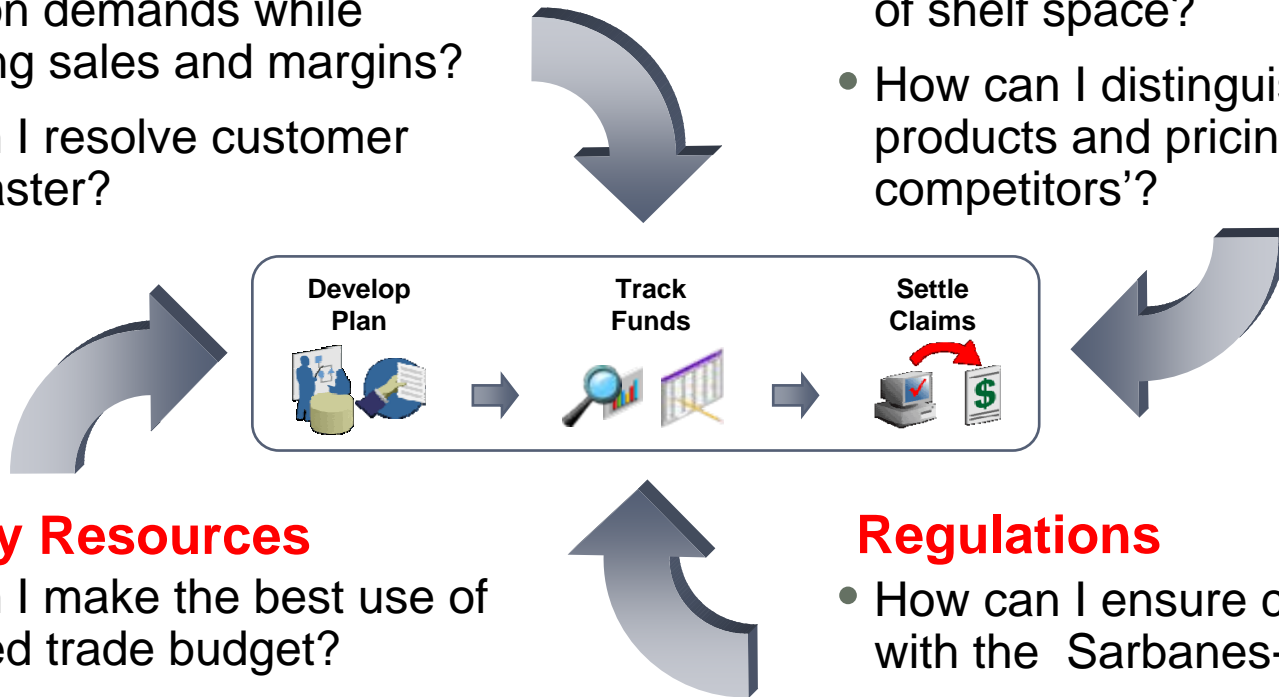
Business Challenges

Customer Demands

- How can I meet customers' promotion demands while increasing sales and margins?
- How can I resolve customer claims faster?

Fierce Competition

- How can I increase my share of shelf space?
- How can I distinguish my products and pricing against competitors'?



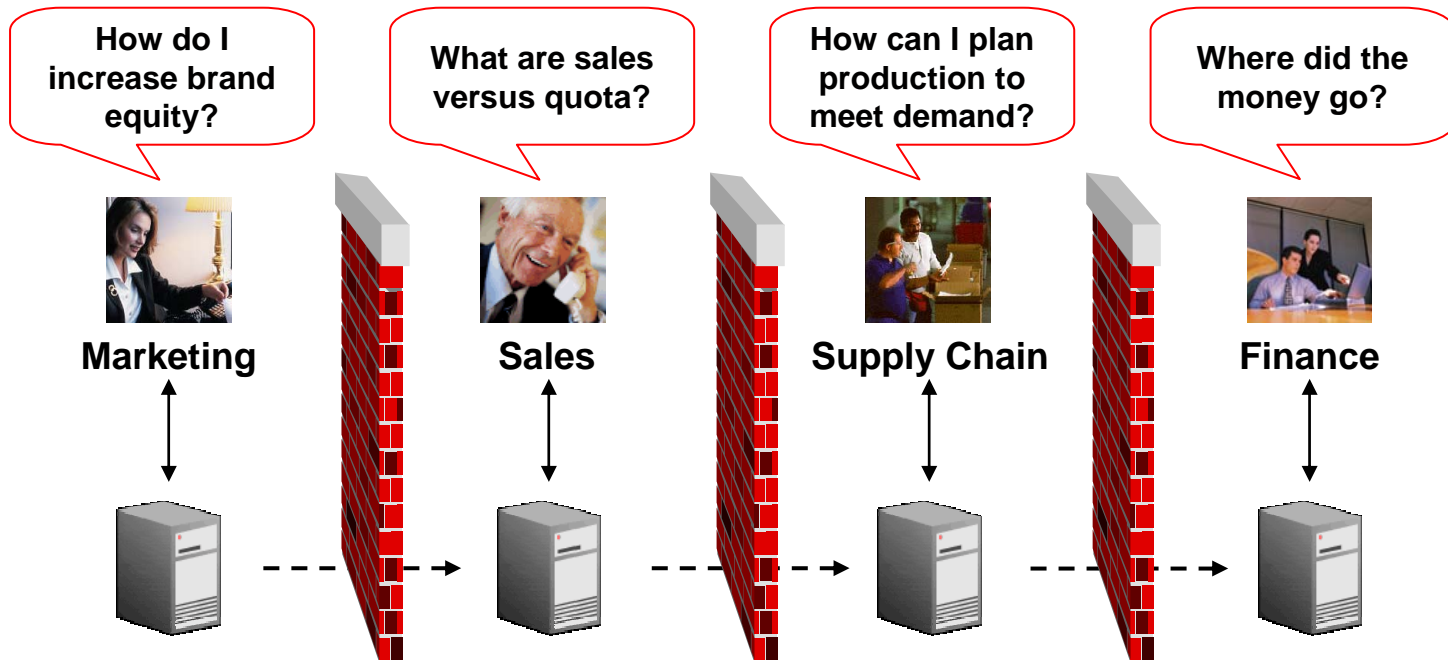
Company Resources

- How can I make the best use of my limited trade budget?
- How can I simplify management of my complex manufacturing and distribution processes?

Regulations

- How can I ensure compliance with the Sarbanes-Oxley Act?
- How do I maintain continuous accounting accuracy?

Operational Challenges



- Inability to accurately calculate promotional ROI
- Communication gap between sales & pricing lead to invoice errors
- Low visibility into promotional liabilities
- Slow, inefficient claims resolution

A Need for Change

Leading Business Trends



- Increasing manufacturer-channel collaboration
- Customer investments based on total cost to serve
- End-to-end solution across Finance, Supply Chain & CRM
- Strong internal controls to comply with regulations
- Single, integrated view of customers & products



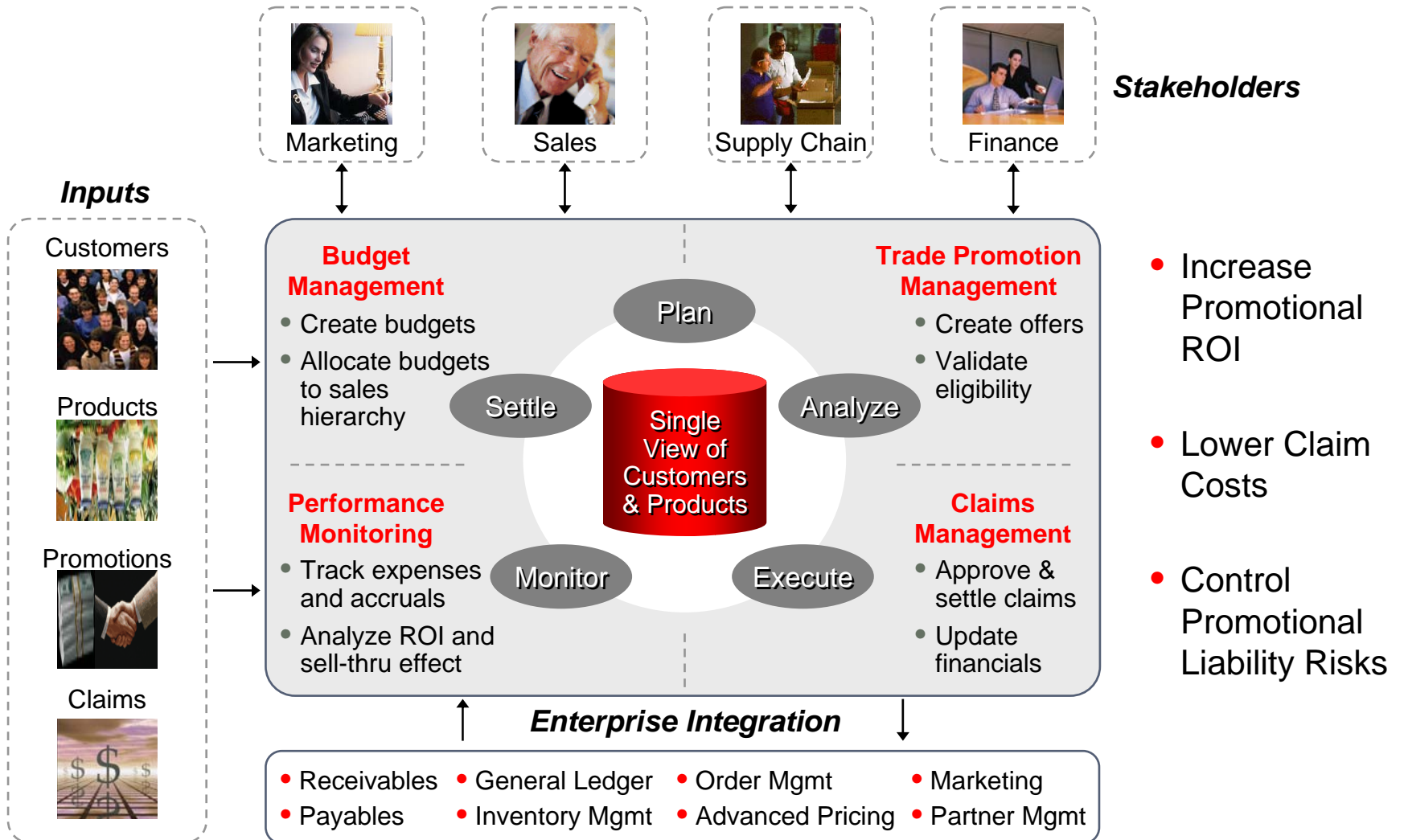
How
ORACLE®
Delivers

Foundation: Unified Information Architecture



- Common data model enables a single source of truth
- Comprehensive suite of applications designed to work together
- Robust set of integration services based on open standards
- Modular deployment by business flow
- Single global instance implementations

Oracle Trade Management Solution



Complete Trade Management Flow

Automate End-to-End Business Process

Plan

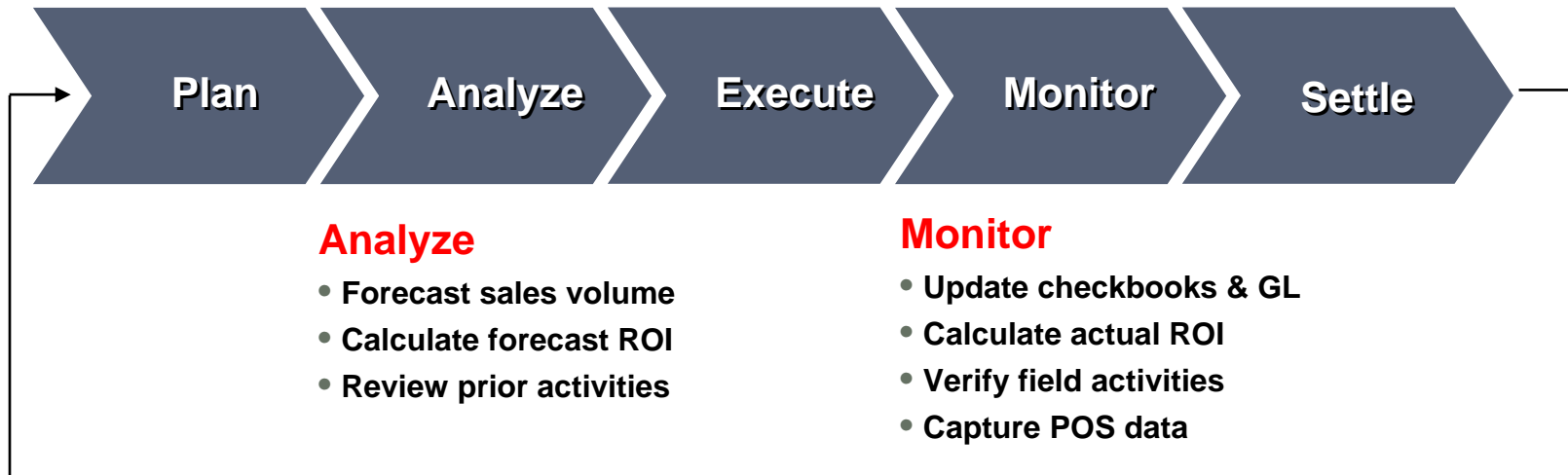
- Create budget for customer / product
- Set budget thresholds
- Allocate to sales hierarchy

Execute

- Create offer
- Validate eligibility
- Price sales orders
- Calculate accruals and discounts

Settle

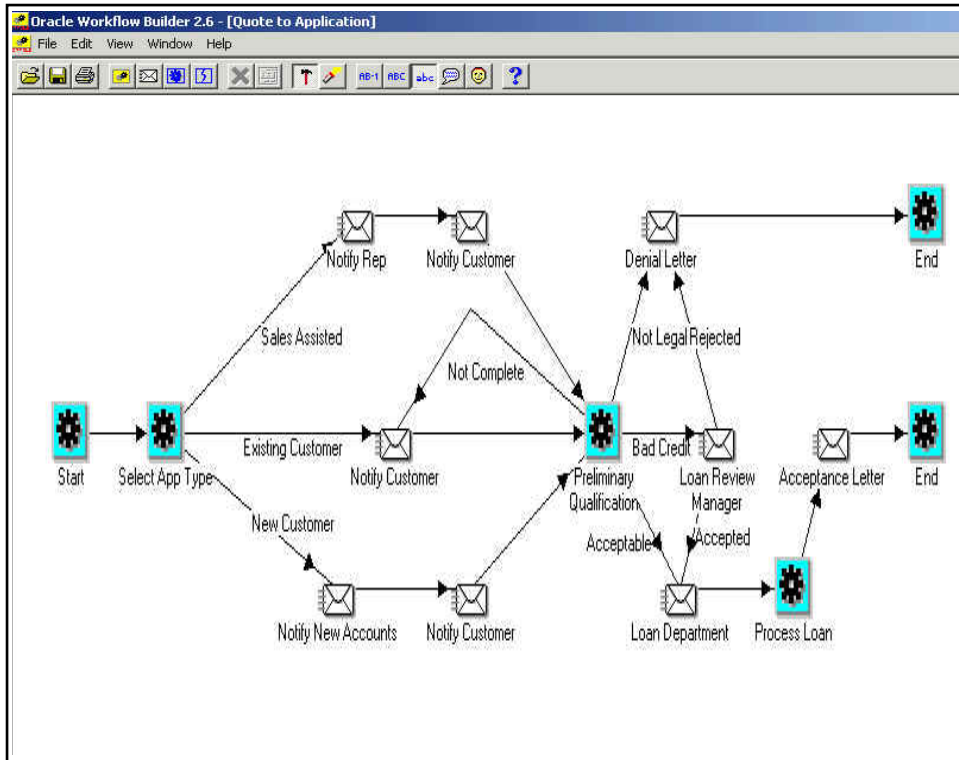
- Create check / credit
- Manage deductions



Workflow Driven Approval Process

Provide a Strong Internal Control System

Workflow Engine



Trigger

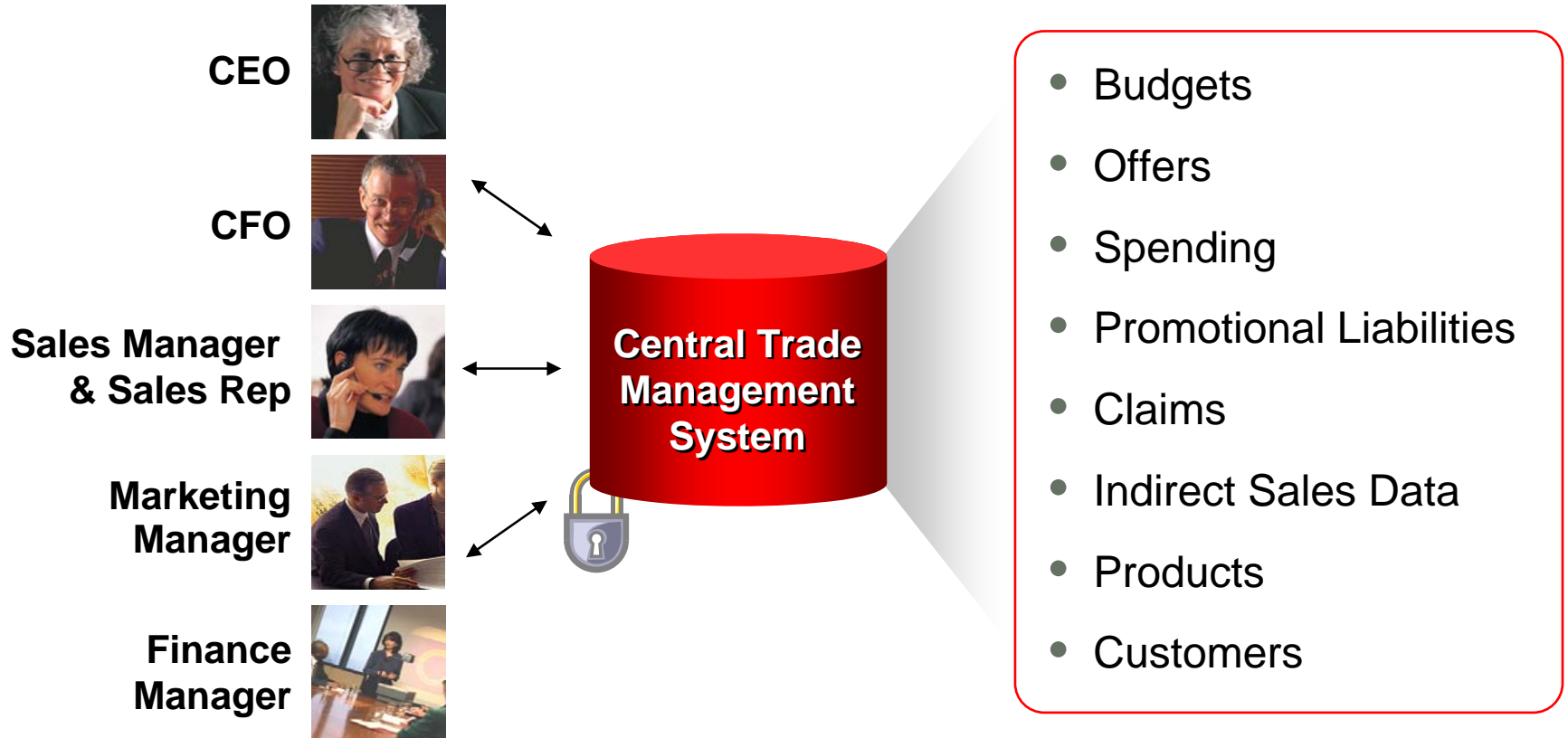
- Budget creation
- Budget allocation
- Promotion fund request
- Promotion adjustments
- Claim settlement

Outcome

- Automated approvals
- Complete audit trail

Responsibility-Based User Security

Enable Enterprise Collaboration



Trade Management Budgets



Oracle Trade Management Solution

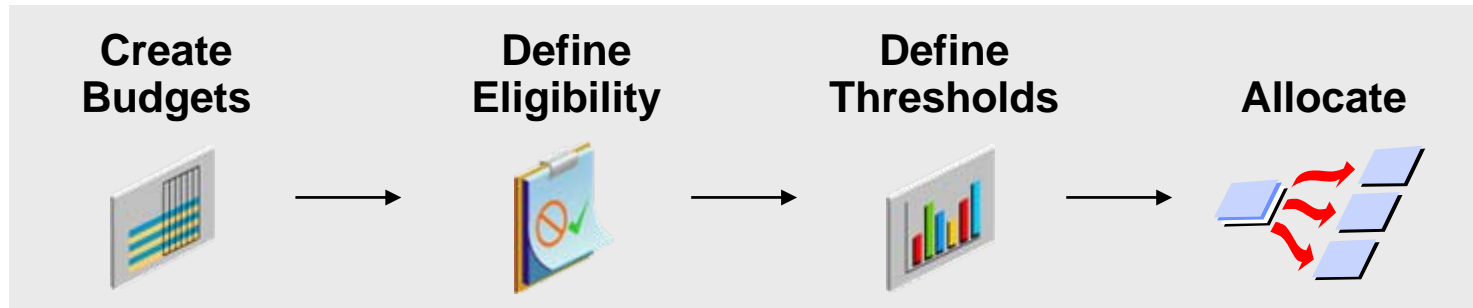
Enables you to...

- ① **Streamline the Budget Allocation and Management Process**
- ② **Drive Effective Sales and Promotional Planning**
- ③ **Monitor Performance and Control Promotional Exposure**
- ④ **Minimize Claim Processing Costs**

Budget Planning

Set Foundation for Tracking Spending

Business Flow



Benefits

- Centralized view of trade budgets
- Controlled trade spending
- Support for all budget processes
- Shorter time to distribute funds

Complete Set of Budgeting Capabilities

Improve Administration Flexibility and Effectiveness

- **Support Key Budget Types**
 - Fixed
 - Fully Accrued
- **Manage Budgets at Multiple Levels**
 - Territory
 - Buying Groups
 - Customers
 - Sites
 - Product Family
 - Products
- **Configure Alerts for Potential Overspend and Underspend**
- **Automate Allocation to Sales Hierarchy**
- **Enable Top-Down Bottom-Up Budgeting**



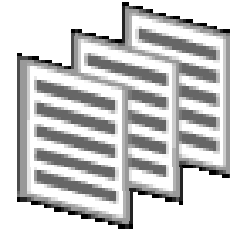
Multiple Fund Views and Drill-Downs

Provide Management Visibility to Budget and Usage

Promotion Checkbook



Rollup View

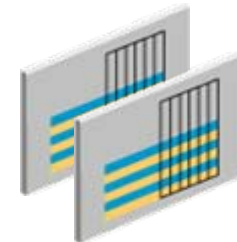


Fund Balances

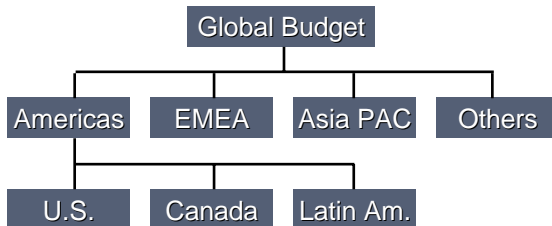


- Total
- Planned
- Committed
- Utilized
- Earned
- Paid

Customer Checkbook

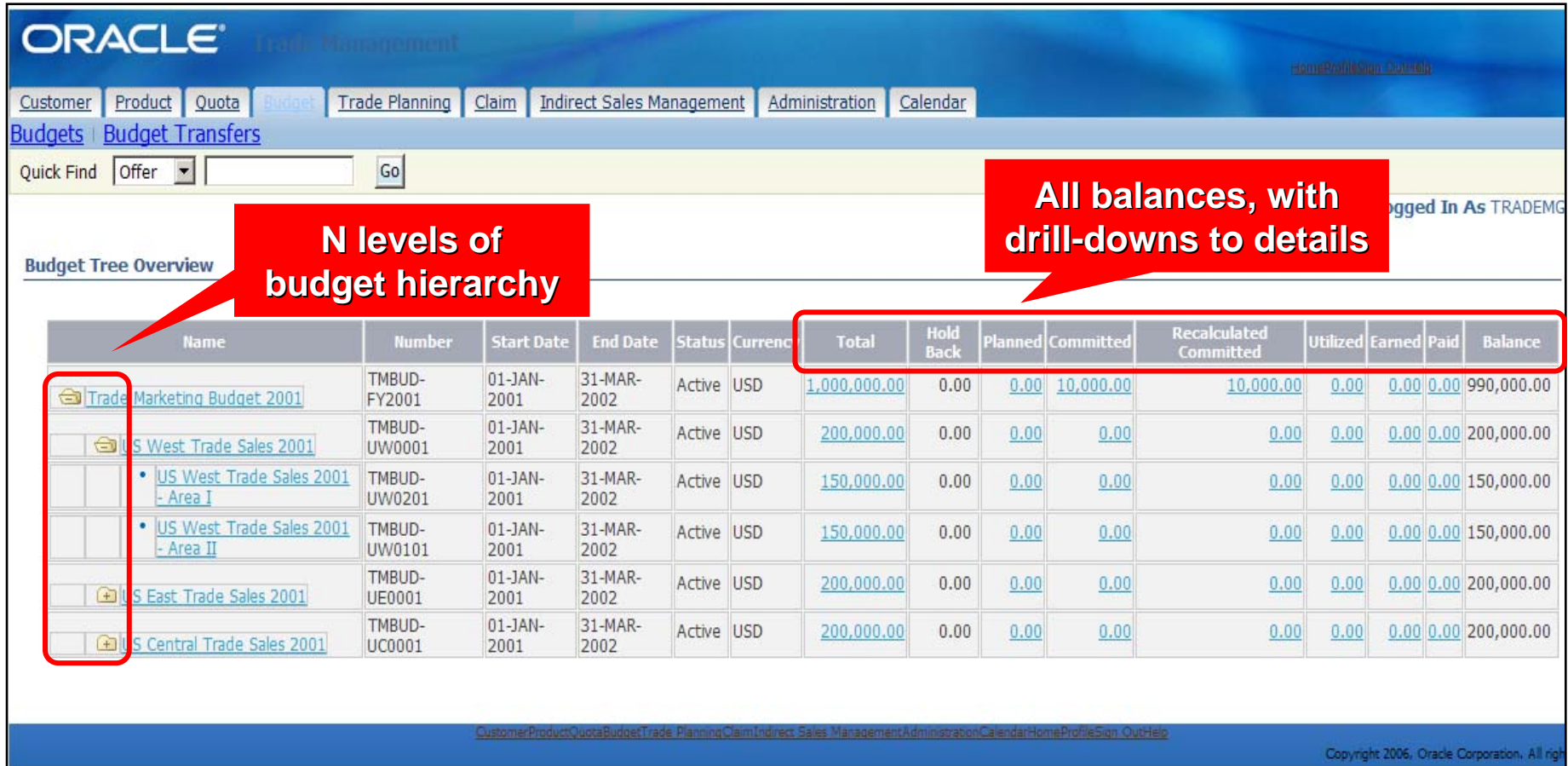


Hierarchy Tree



Example: Budget Hierarchy View

Track Total Spending and Accrual Levels



N levels of budget hierarchy

All balances, with drill-downs to details

Name	Number	Start Date	End Date	Status	Currency	Total	Hold Back	Planned	Committed	Recalculated Committed	Utilized	Earned	Paid	Balance
Trade Marketing Budget 2001	TMBUD-FY2001	01-JAN-2001	31-MAR-2002	Active	USD	1,000,000.00	0.00	0.00	10,000.00	10,000.00	0.00	0.00	0.00	990,000.00
US West Trade Sales 2001	TMBUD-UW0001	01-JAN-2001	31-MAR-2002	Active	USD	200,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200,000.00
• US West Trade Sales 2001 - Area I	TMBUD-UW0201	01-JAN-2001	31-MAR-2002	Active	USD	150,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150,000.00
• US West Trade Sales 2001 - Area II	TMBUD-UW0101	01-JAN-2001	31-MAR-2002	Active	USD	150,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150,000.00
US East Trade Sales 2001	TMBUD-UE0001	01-JAN-2001	31-MAR-2002	Active	USD	200,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200,000.00
US Central Trade Sales 2001	TMBUD-UC0001	01-JAN-2001	31-MAR-2002	Active	USD	200,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200,000.00

Customer Product Quota Budget Trade Planning Claim Indirect Sales Management Administration Calendar Home Profile Sign Out Help

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Trade Management Programs & Pricing Management



Oracle Trade Management Solution

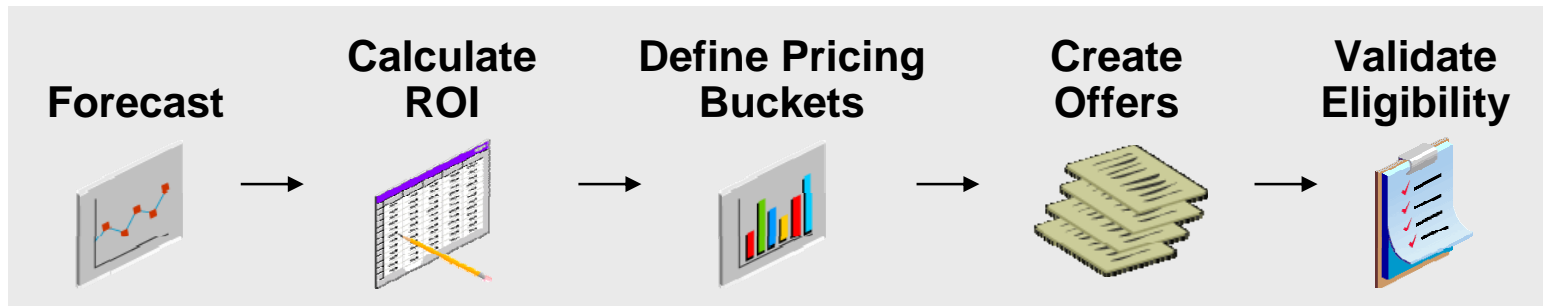
Enables you to...

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- ② Drive Effective Sales and Promotional Planning
- ③ Monitor Performance and Control Promotional Exposure
- ④ Minimize Claim Processing Costs

Promotional Planning

Plan and Analyze Before Execution

Business Flow



Benefits

- Avoid unwarranted discounting
- Promote to the right customers with the right products
- Ensure effective use of budget

Account Manager Dashboard: Planning

Enable Account-Level Planning for Iterative Selling

Account Manager Dashboard >

Account Plan

Customer Name **General Technologies** Status **A** DUNS
Customer Number **1007** Customer Category **High Technology** Business Line
Total Employees **5000** Fiscal Year End **05** Phone **1 703 844:**
Total Revenue **100,000,0** Web Address **www.generaltech.com**
Email

Set sales target

Activities Retail Conditions Target Allocations Notes

Plan Period Nov-06

Product

Manufacturer's Activities

View Sales Promotions Personalize

Select Activities: |

Select All | Select None

Select	Activity Class	Activity Name	Status	Start Date	End Date	Offer Type	Forecast ROI	Actual Units	Actual ROI	Utilized	Earned	Paid	Unpaid
<input type="checkbox"/>	Offers	Seasonal RampUp Promo	Active	23-Jul-2004	30-Nov-2009	Off Invoice	3.00	1106	2.00	16,996.40	16,996.40		16,996.40
<input type="checkbox"/>	Offers	GT Accrual Offer	Active	23-Jul-2004	30-Sep-2009	Accruals	4.00	600:	2.20	56,207.88	56,207.88		56,207.88

View promotion gaps & overlaps

Find past offers to baseline new offers

View all planned and current promo activities

Forecast revenues and expected ROI

Retailers' Performance

Sales Forecast Tools

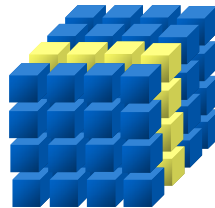
Benchmark Promotion Impact on Sales Volume

Sales Users



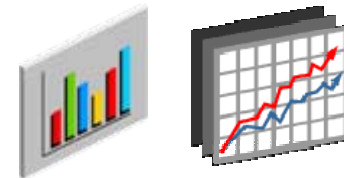
Volume Planning & Forecasting

- Automatically calculate spread using baseline ratio
- Segment historical sales by:
 - market
 - product
 - time



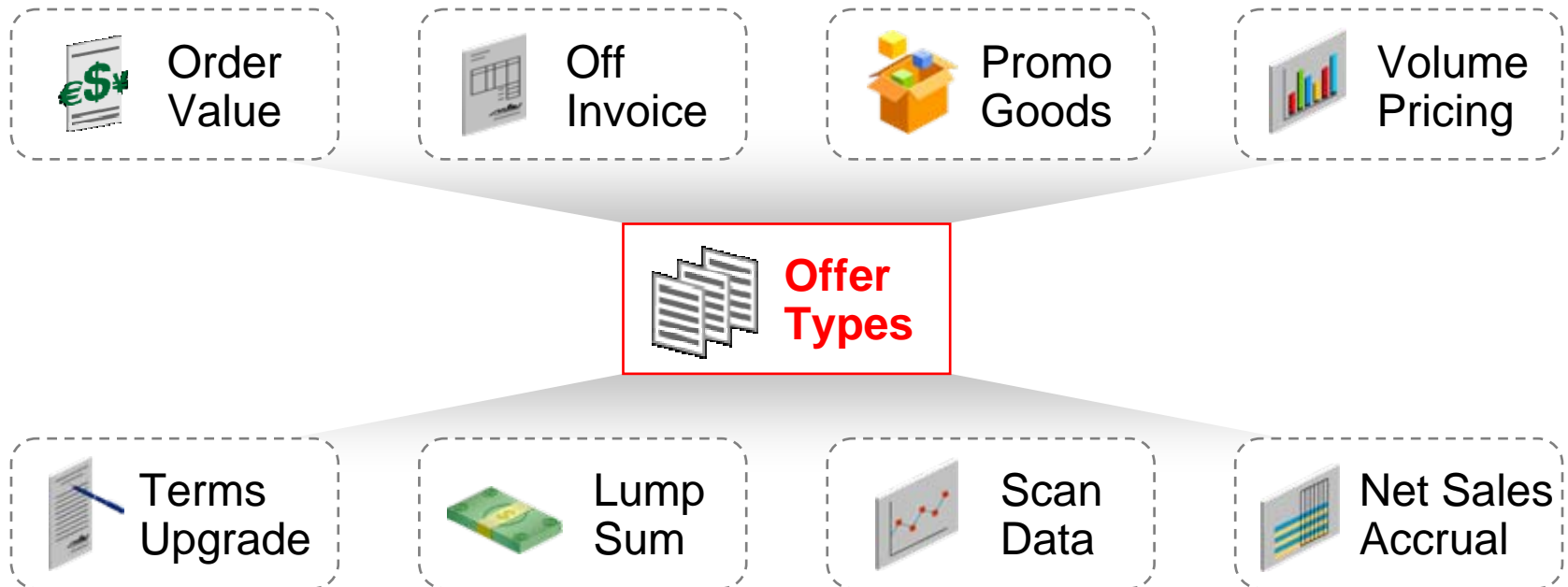
- Analyze historical sales data to baseline likely sales lift for current period
- Capture Sales Forecasts for future comparison against Actuals

Historical Sales Data



Comprehensive Offer Types

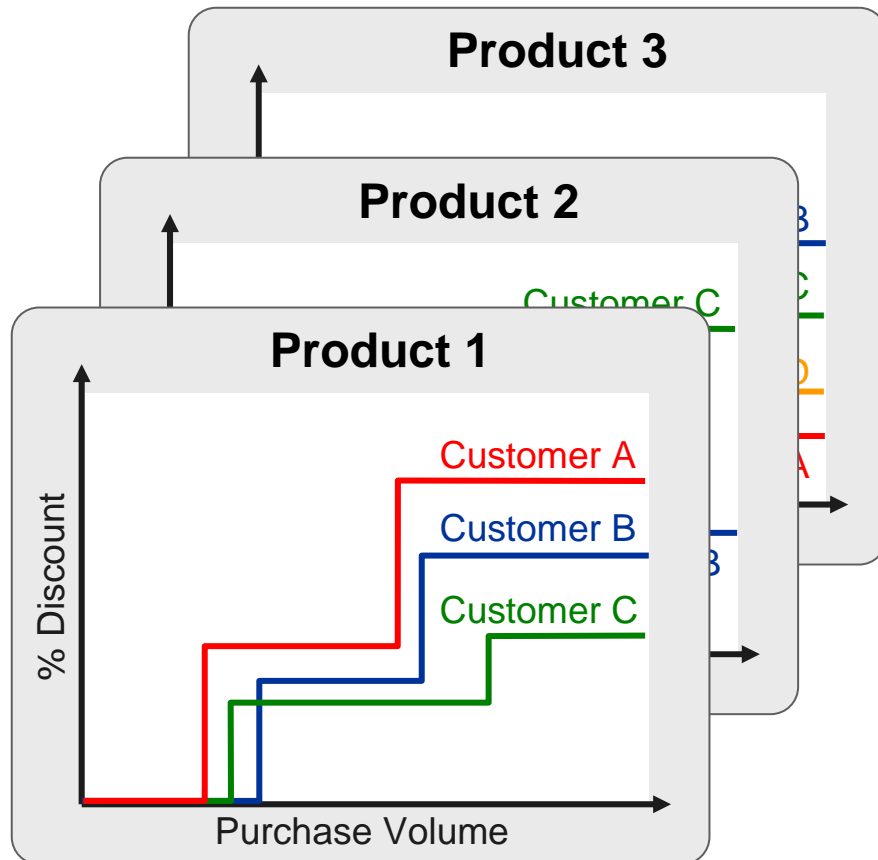
Support All Promotional Activities



Provide Multiple Promotion Options to Sales Reps and Trade Marketers

Comprehensive Volume Pricing

Incent Customers to Purchase Higher Volumes of Products



Flexibly Define Pricing Agreements

- Specify discount eligibility by customer, product, market, date
- Define discount tiers by quantity, dollar amount
- Define discount amount by percent, dollar amount
- Create combined volume offers

Simplify Administration

- Create all volume offers for customers from a single screen
- Assign a volume offer for a product to one, many, or all customers
- Support direct and indirect sales

ROI Projection

Calculate Expected Net Impact of Promotional Spend

Manufacturer's ROI Details

Offer Name : [FY06-07 Desktop Promotion](#)
 Start Date : 16-OCT-2006 End Date : 31-DEC-2006

Version [1](#) Date Created 16-OCT-2006
 UOM Each Total Forecast 448

Price List Corporate
 View _____
 Views
Changing a view will automatically refresh

Currency US dollar

Impact of Discount

Promotional ROI

Product	Per Unit					Margin		Forecast				
	Name	List Price	Discount Type	Discount Value	Selling Price	Unit Cost	Amount	%	Units	Revenue	Costs	ROI
XA5000	1,549.99	10 %	155.00	1,395.00	0.00	1,395.00	100.00	212	328,597.88	32,859.79	9.00	
AS54888	1,599.00	10 %	159.90	1,439.10				236	377,364.00			
Sub Total									448	705,961.88		
Totals									448	705,961.88		

First | Previous Next | Last

- Integrate with 3rd party demand forecast systems to calculate baseline sales and lift
- Automatically retrieve cost of goods from ERP system
- Calculate ROI based on Sales Forecast

Oracle Trade Management Solution

Enables you to...

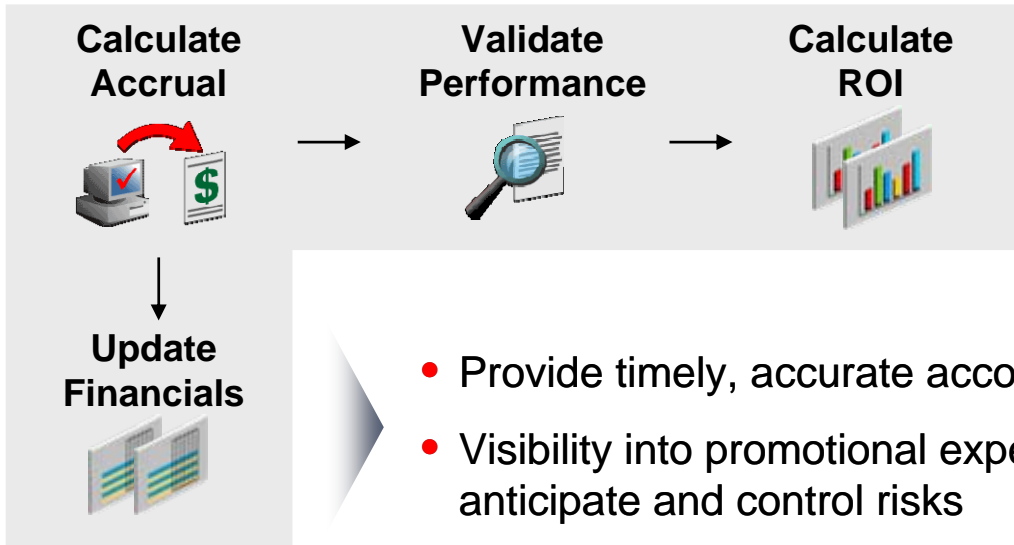
- ① Streamline the Budget Allocation and Management Process
- ② Drive Effective Sales and Promotional Planning
- ③ **Monitor Performance and Control Promotional Exposure**
- ④ Minimize Claim Processing Costs

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Streamlined Execution and Tracking

Promote Effectively, Monitor Diligently

Business Flow



Benefits

- Streamline promotion tracking process
- Measure promotional effectiveness

- Provide timely, accurate accounting
- Visibility into promotional expenses and liabilities helps anticipate and control risks



Consumer goods companies spend 15-20% of their revenues on trade funds. Often times, companies neither realize a return on their investment, nor know with certainty where the money is going.

-- Kara Romanov, Sr. Research Analyst

Account Manager Dashboard: Monitoring

Evaluate Account and Product-Level Performance

Account Manager Dashboard
Last refresh 03-Dec-2006

Key Performance Indicators

Name	Value	Status
Dec-06 Target		
MTD Sales		
Dec-06 % Target Met		
Q4-06 Target		
QTD Sales	2,888	
Q4-06 % Target Met	39	⊗
2006 Target	3,311	
YTD Sales	1,467	
2006 % Target Met	44	⊗

Sales Performance

Sales trend and year-to-year comparison

Related Links

- Summary
- Summary
- Summary
- Products
- Customers
- Discoverer Reports
- XML Reports
- Offer Evaluator
- Offer Worksheet
- Create Offer
- Audit Retail Conditions

My Accounts

View: My Accounts View

Account Name	Year Ago Total Sales	Year Total Target	YTD % Target Met	QTR Target	QTR Sales	Q4-06 QTR % Target Met	Month Total Target	MTD Sales	Nov-06 Month % Target Met	Current Orders	Outstanding Orders	Nov-06 Potential Shipments	Back Orders	Future Orders	All Open Claims	Total Unpaid	Hierarch View
Business World	900	1,061	25	250	40	16					4	8	0	0	9.20	49.20	
General Technologies	1,900	2,250	16	600	60	10					0	0	0	0	62.92	70.00	

Performance by account

My Products

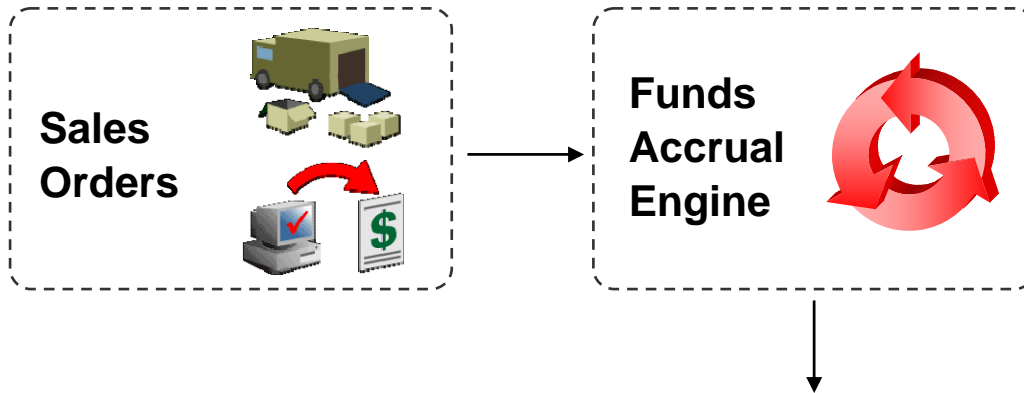
View: My Products View

Product Name	Year Ago Total Sales	2006 Year Total Target	2006 YTD % Target Met	Q4-06 QTR Target	Q4-06 QTR Sales	Q4-06 QTR % Target Met	Nov-06 Month Total Target	Nov-06 MTD Sales	Nov-06 Month % Target Met	Current Orders	Outstanding Orders	Nov-06 Potential Shipments	Back Orders	Future Orders	Total Unpaid
AS54888	412	600	20	100	20	20	0	20	0	23	23	66	0	0	80.00

Performance by product

Integrated Funds Tracking Process

Provide Real-Time Visibility into Expense and Liabilities



- Monitor Fund Usage
- View Committed vs. Earned vs. Paid

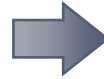
Name	Type	Category	Status	Total	Planned	Committed	Utilized	Earned	Paid
Trade Program MDF	Fixed	Program MDF	Active	50,000,000.00	0.00	235,860.00	1,578,569.51	1,150,954.95	51,870.00
Special New Product Promotion Fund	Fixed	New Product Introduction	Active	5,000,000.00	0.00	0.00	0.00	0.00	0.00
Coop Advertisement	Fixed	Coop Program	Active	1,000,000.00	0.00	0.00	0.00	0.00	0.00
Sales Discretionary Fund	Fixed	Sales Budget	Active	2,000,000.00	0.00	0.00	0.00	0.00	0.00
Sales Accrual Budget	Fully Accrued	Sales Budget	Active	143,221.00	0.00	0.00	0.00	0.00	0.00
FY06-07 Sales Discretion Funds	Fully Accrued	Sales Budget	Active	0.00	0.00	0.00	0.00	0.00	0.00

Comprehensive Adjustments

Synchronize Budget with Promotion Performance

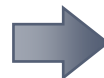


Retroactive Adjustments



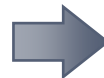
Adjust promotion rate for past sales orders based on customer purchase volume

Manual Adjustments



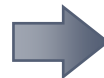
Make ad hoc changes, e.g., for a missed activity

Automatic Adjustments



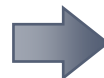
Adjust promotion rate, e.g., for scan-through performance

Fund Reconciliation



Identify underspent funds and return them to available budget

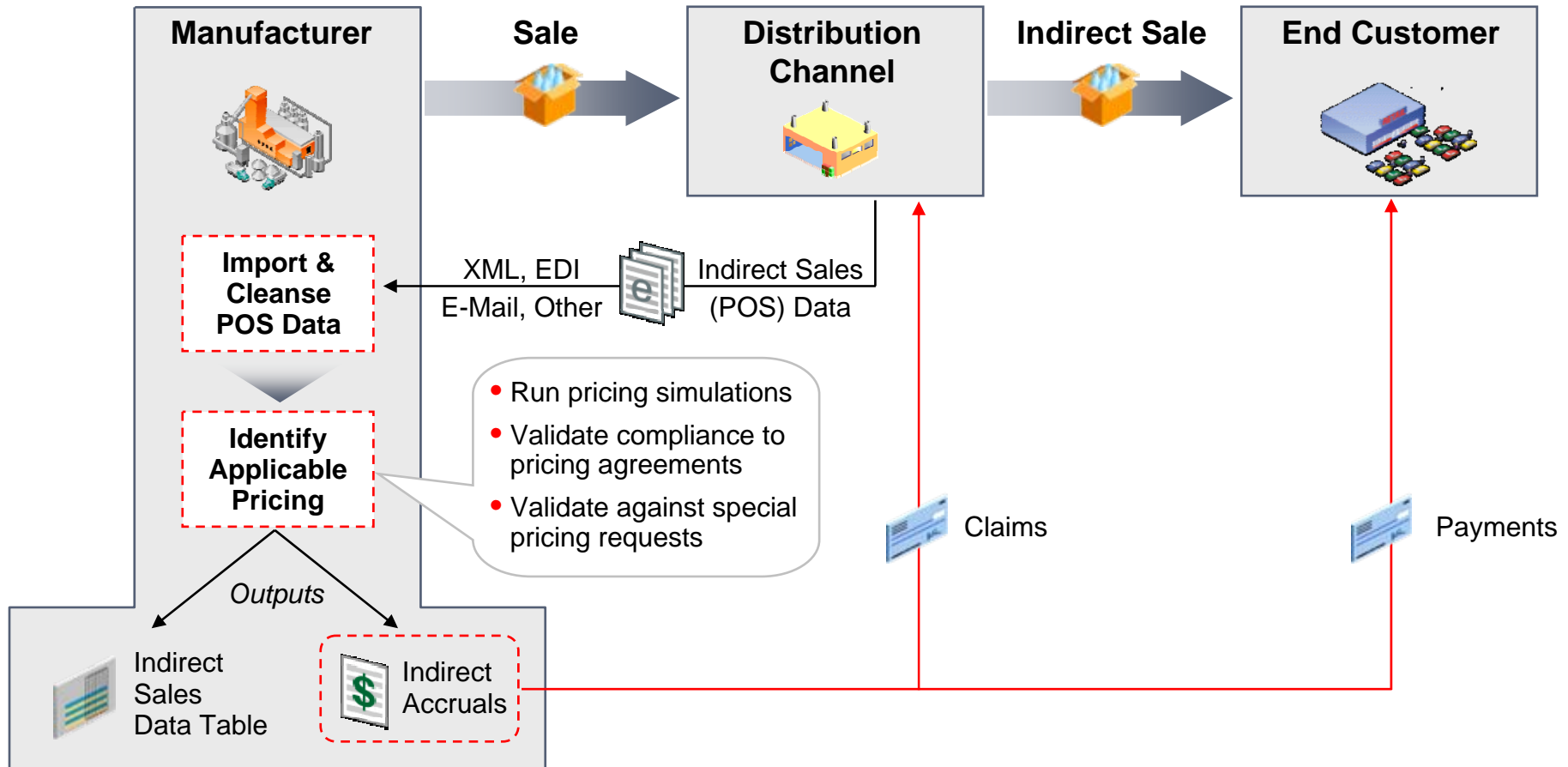
Fund Transfers



Identify underspent funds and transfer them to other promotions

Indirect Sales Accruals

Analyze Sell-Through Effect



Provide Incentive to Both Distribution Channel and End Customer

Channel Inventory Tracking

Gain Visibility into Channel Inventory and Throughput

Indirect Inventory Tracking
UOM = Each

Views

View: Previous 1-10 Next 10

Select All | Select None

View channel inventory by account **Track inventory throughput**

Select	Customer	Start Period	End Period	Beginning Inventory	Inventory In	Inventory Out	Adjustments	Ending Inventory
<input type="checkbox"/>	Business World	01-Jan-2004	16-Oct-2006	135236	241928	92	10000	307672
<input type="checkbox"/>	Imaging Innovations, Inc.	01-Jan-2004	16-Oct-2006	75298	249396	244	0	324450
<input type="checkbox"/>	Total Internet	01-Jan-2004	16-Oct-2006	72436	72000	32	0	144404
<input type="checkbox"/>	Hilman and Associates	01-Jan-2004	16-Oct-2006	71678	188052	226	0	259504
<input type="checkbox"/>	SmartBuy	01-Jan-2004	16-Oct-2006	68344	273066	218	0	341192
<input type="checkbox"/>	AT&T Universal Card	01-Jan-2004	16-Oct-2006	64280	101554	58	0	165776
<input type="checkbox"/>	American Telephone & Telegraph	01-Jan-2004	16-Oct-2006	63684	153336	94	0	216926
<input type="checkbox"/>	Modern Truck	01-Jan-2004	16-Oct-2006	63656	92346	0	0	156002
<input type="checkbox"/>	A. C. Networks	01-Jan-2004	16-Oct-2006	61202	72794	78	0	133918
<input type="checkbox"/>	Federal Parts	01-Jan-2004	16-Oct-2006	59494	110574	0	0	170068

Previous 1-10 Next 10

Grand Total

Beginning Inventory	1233742	Inventory In	2759136	Inventory Out	3044576	Adjustments	10000
Ending Inventory	958302						

Performance Measurement

Validate Compliance and Analyze Actual Returns

Offer Details - Performance
 Defines offer performance requirements. For example, at least 1000 units of item A must be sold through media channel HSN between

Offer Name : [Laptop Deal 06-07](#)
 Start Date : 29-SEP-2006 End Date : 30-DEC-2006

Offer Type : Accrual
 Offer Code : AMER09060002ACC
 Currency : US dollar

Total Estimated Budget : Total Allocated Amount :

Performance Rules

Level	Name	Trade Medium	Start Date	End Date
Item Number	XA5000	End Aisle Display	29-SEP-2006	30-DEC-2006
Item Number	A554888	Front Aisle Display	29-SEP-2006	30-DEC-2006
		End Aisle Display		
		Front Aisle Display		
		Volume Performance		

Manufacturer's ROI Details

Offer Name : [FY06-07 Desktop Promotion](#)
 Start Date : 16-OCT-2006 End Date : 31-DEC-2006

Version 1 Date Created 16-OCT-2006
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Price List Corporate
 View _____
 Views Forecast

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Currency US dollar

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AS54888	1,599.00	10 %	159.90	1,439.10				236	377,364.00		
								First Previous 1 - 2 of 2 Next Last			
Sub Total								448	705,961.88		
Totals								448	705,961.88		

Track Performance against Criteria

- Enable sales users to enter performance data (e.g., aisle display advertisement) for determining claim eligibility
- Validate compliance to performance criteria

Calculate actual ROI

- Measure financial returns
- Compare actual ROI against Forecast

General Ledger Postings

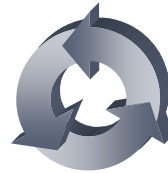
Accurately Account for Sales / Expense and Liability

Sales Orders & Claims



- Direct Sales
- Indirect Sales (POS)
- Chargebacks
- Net sales calculations
- Scan data offers
- Lump sum offers
- Retroactive adjustments
- Other adjustments

Accrual Engine



General Ledger



- Post accruals and claims to GL with option to post off-invoices
- Account for promotion as a reduction in revenue or as an expense

- ✓ ***Apply Proper Accounting for any Country***
- ✓ ***Minimize Financial Risks with Upfront Accruals***

Trade Management Settlement



Oracle Trade Management Solution

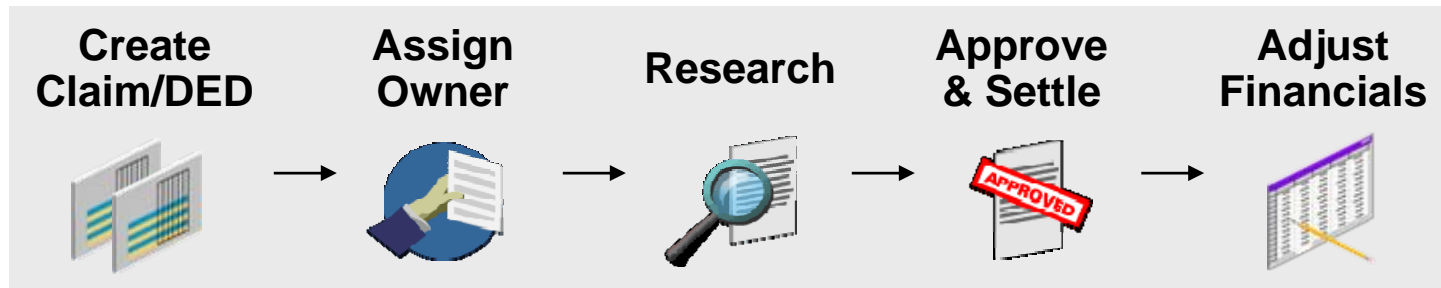
Enables you to...

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Claim and Deduction Management

End-to-End Process

Business Flow

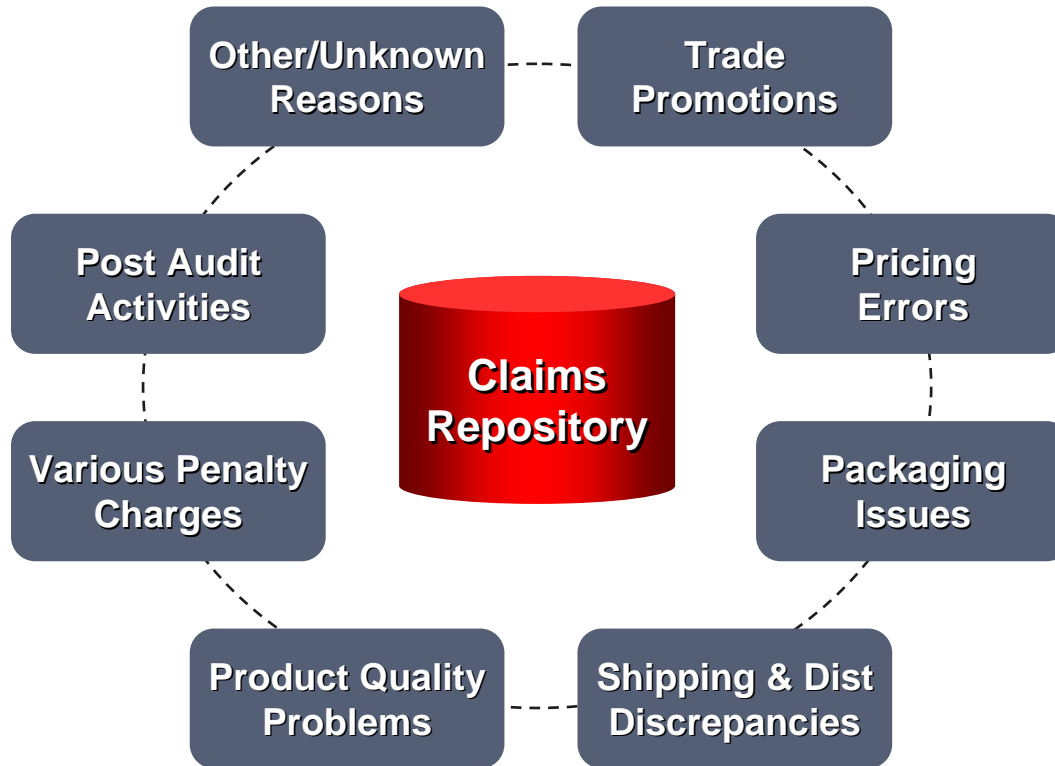


Benefits

- Minimize the cost and time required to clear claims & deductions
- Identify and collect invalid claims
- Proactively prevent deductions
- Efficiently process payments

Central Claims Repository

Provide Control of All Customer Disputes

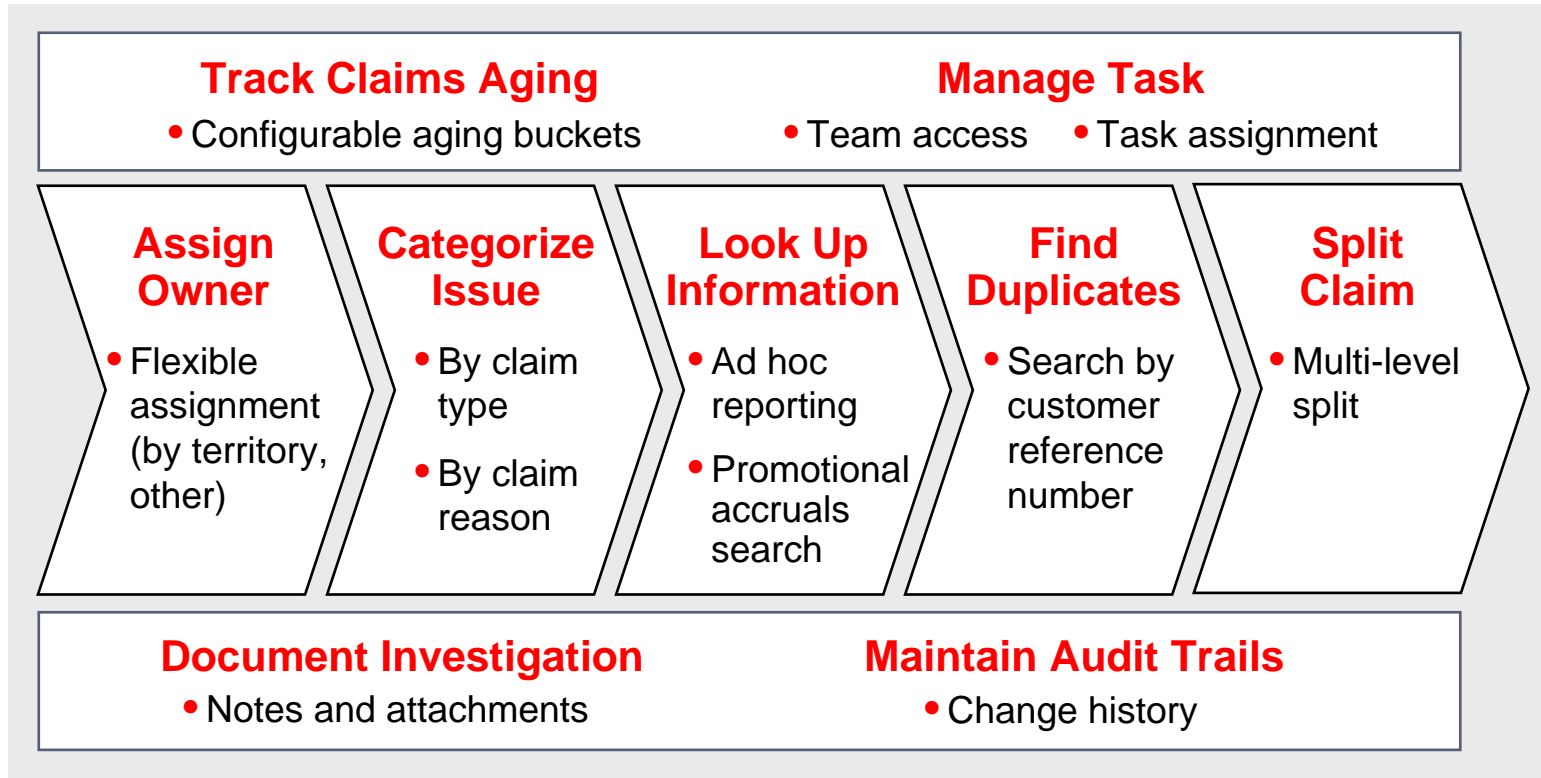


Enable Claims Analysis

- Detection of write-off threshold abuse
- Identification of process problems
- Calculation of total cost-to-serve

Research and Administration Tools

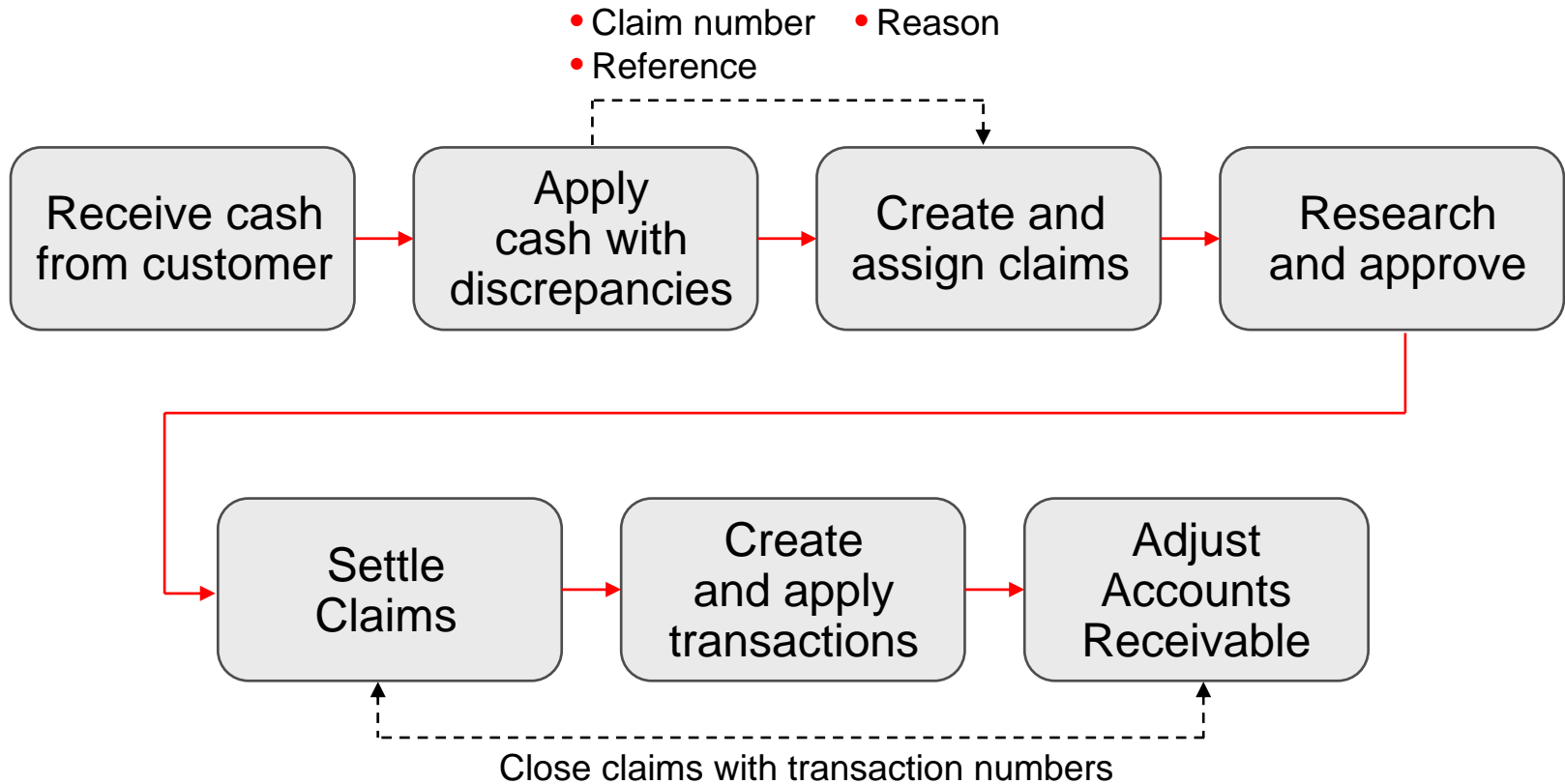
Efficiently Investigate Claim Problems



***Enable Shared Services With Controlled,
Centralized Access to Claims Across Organizations***

Integration with Receivables

Streamline Deduction Process



Automated Settlement

Shorten Resolution Cycle



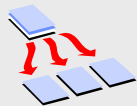
Auto Resolution

Automatically create Credit, Check, RMA, Write-Off, Chargeback, Debit, On Account Cash, Contra Charge for claims below set threshold amount



Auto Pay

Issue periodic payments based on customer preferences to proactively minimize deductions

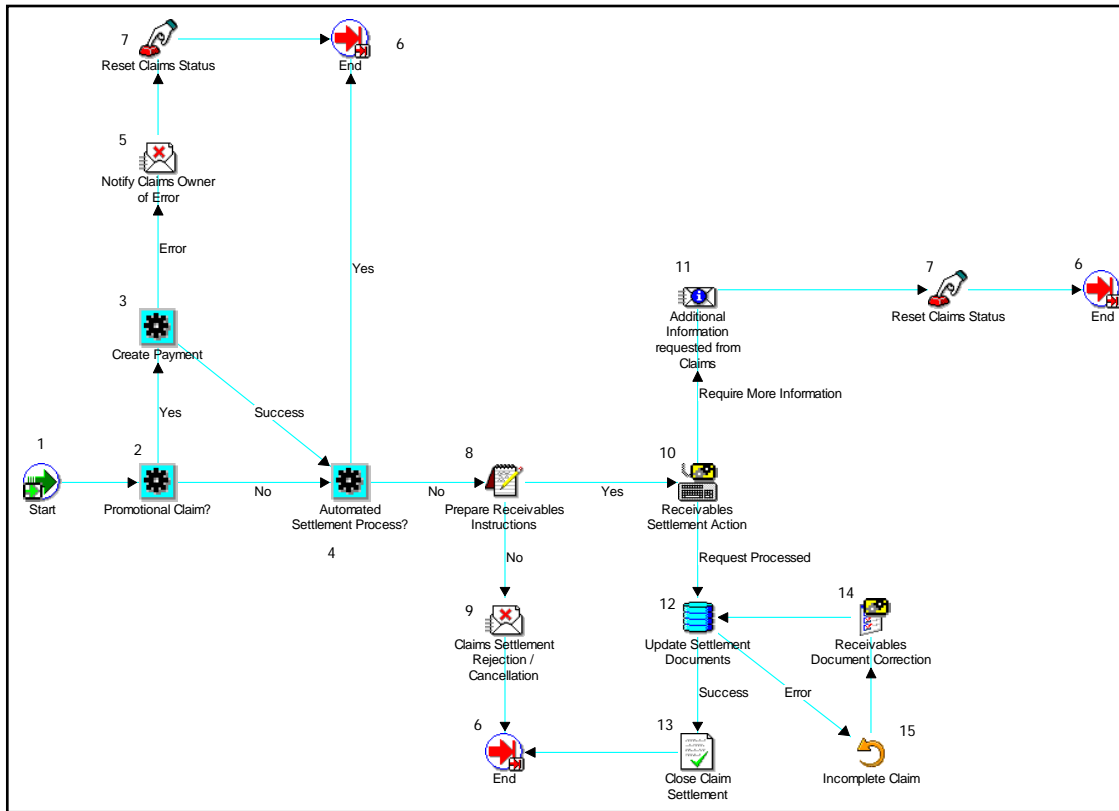


Mass Settlement

Resolve multiple claims at once by offsetting deductions and overpayments

Configurable Settlement Workflow

Automate Creation and Settlement



- Common workflow engine
- Drag and drop interface
- View business flow graphically
- Support approval routing
- Generate event notifications
- Extend beyond seeded settlement methods to tailor to business needs

Oracle Trade Management Solution

Comprehensive budgeting tools, multiple fund views and drill-downs

Streamline the Budget Allocation and Management Process

Planning dashboard, multi-dimensional Sales Forecasts, ROI calculation (projected), complete offer type support

Drive Effective Sales and Promotional Planning

Performance dashboard, indirect sales accruals, real-time budget updates, ROI calculation (actual), liability accounting

Monitor Performance and Control Promotional Exposure

Central claims repository, research and administrative tools, receivables integration, settlement workflows

Minimize Claim Processing Costs

Evolution of Oracle Trade Management

Base Differentiators...

- Single Customer Definition
- Multi-channel Execution
- Budget Management
- Flexible Workflow-based Approvals
- GL Postings
- Comprehensive Deduction Management
- Settlement via RMAs
- Integration to:
 - Pricing
 - Order Management
 - Financials
 - SCM
- Volume Pricing
- Retro Pricing
- POS Accruals

New in 11i.10...

- Account Manager for Trade Planning
 - Dashboard
 - Account Planning Allocations
 - Alerts & Notifications
 - Offer Evaluator ROI Calc
 - Discount Calculator
 - Retail Monitoring
 - Sales Performance Analysis
- Auto Pay for Offers
- Net Accrual Offer
- Retro Active Offer Adjustments
- Budget ERs
 - Post Off Invoice
 - Posting based on Status
 - Drill Downs to OM Details

New in 11i.10...

- Claims
 - Lockbox Integrations
 - Customer Reason Code Mapping
 - Subsequent Receipt Handling
 - Mass Settlement
 - Automatic Write Offs
 - Pay Over Earnings By Thresholds
 - Mass Claims Updates
 - Settlement By Memo Line
 - Partner Management Flows
- POS Channel Management
 - Upload Support For Web Interface or XML Feed
 - POS Cleansing
 - Product Mappings
 - Industry Flow Validations

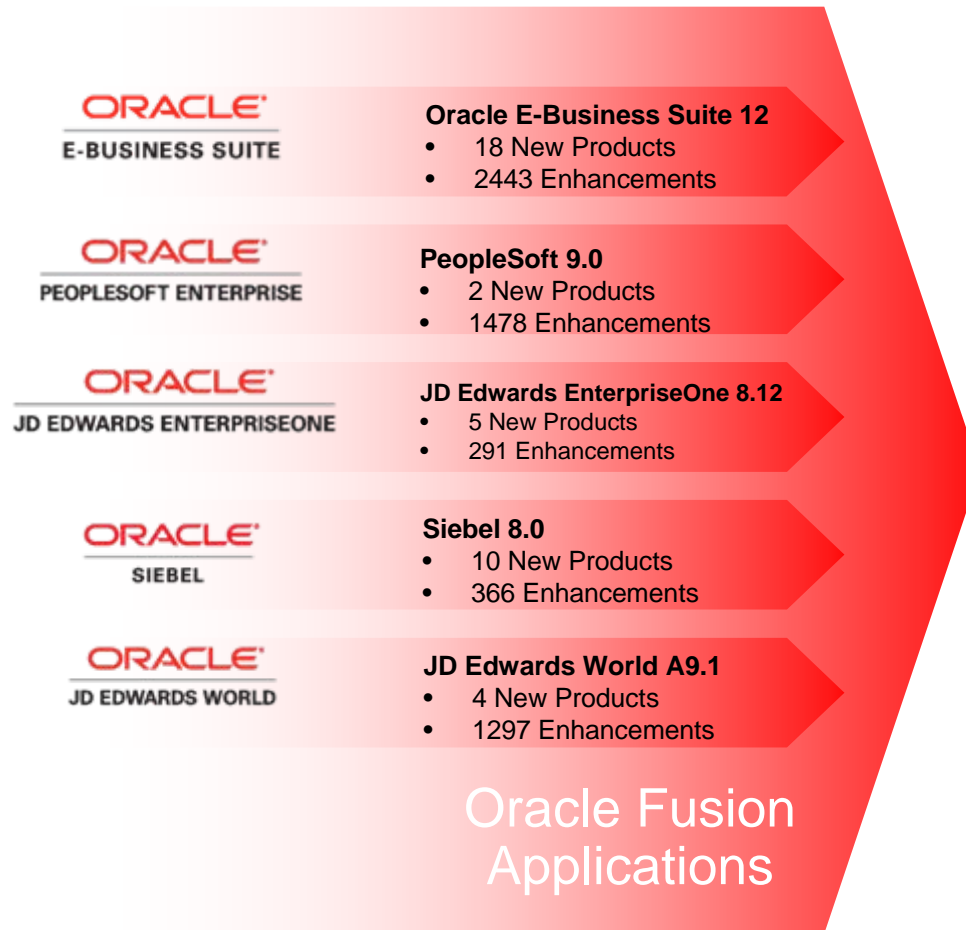
Evolution of Oracle Trade Management

New in R12...

- Multi Org Capability
- Volume Offer Enhancements
- Promotional Lift Interface
- AR-AP Netting Settlement
- Settlement by AP Credit
- Streamlined User Interface
- Budget Checkbook View Data Collection
- Additional Public APIs & Business Events

Continued Road Map 12.1, 12.x

Applications Unlimited



- Ongoing support
- Added capabilities with 12.1, 12.2, and AIA
- No forced upgrades

Customers Can Choose Whether and When to Upgrade to Oracle Fusion Applications

Oracle Trade Management Products



Trade Management

- Channel POS Management
- Advanced Rebates & Discounts Management
- Trade Promotions Management
- Deductions & Claim Management

Oracle Trade Management Solution

Streamline the Budget Allocation and Management Process

Drive Effective Sales and Promotional Planning

Monitor Performance and Control Promotional Exposure

Minimize Claim Processing Cost

For More Information

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Trade Management



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