

Project Benefits:

- Improved accuracy of rebate forecasts
- Increased confidence of forecasts
- Greater insight into vendor rebate contracts
- Better decision making with rebate program

Project Characteristics:

Industry: Construction

Duration: 3 months

Project Staff: 2

Technologies/Systems:

- .Net
- Access Database
- ComponentOne

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Rebate Forecasting For The Construction Industry

Summary

Companies that purchase large amounts of goods/services to provide their products/services often received rebates from their vendors. With the recent changes in government regulations forcing public companies toward increased transparency, these rebates must be estimated, tracked, and reported in the financial disclosures. Wazee Group has assisted a national leader in the construction industry to greatly increase the accuracy of their rebate forecasting process.

Problem Specifics

There are several challenges to accurately forecast rebates for the construction industry. A few of these are:

- **Number of building sites.** At any given time, large construction companies can have anywhere from hundreds of commercial buildings to thousands of residential properties that must be factored in to the rebate forecast. These sites are geographically dispersed with separate organizations, processes, and practices involved. The required data for the building sites is not always consistent across the enterprise nor easy to acquire.
- **Number of products/services.** The number of products and services can range from hundreds to thousands and are provided by hundreds of vendors. The selection of the products and services varies by both geographical area and time. The data is not always consistent, accurate, or easily accessible.
- **Complex rebate contracts.** Vendors have specific rebate contracts with rules tailored to their products/services. Contracts are commonly captured in free form text without regard to computational processing. Not only is forecasting the estimated rebates a challenge but calculating the actual rebates is also difficult.
- **Manual and spreadsheet activities.** The previous forecasting process typically involves a high degree of manual processing with spreadsheets. As the contracts grow in number and complexity, the spreadsheets become large, cumbersome, and inaccurate.

Solution Delivered

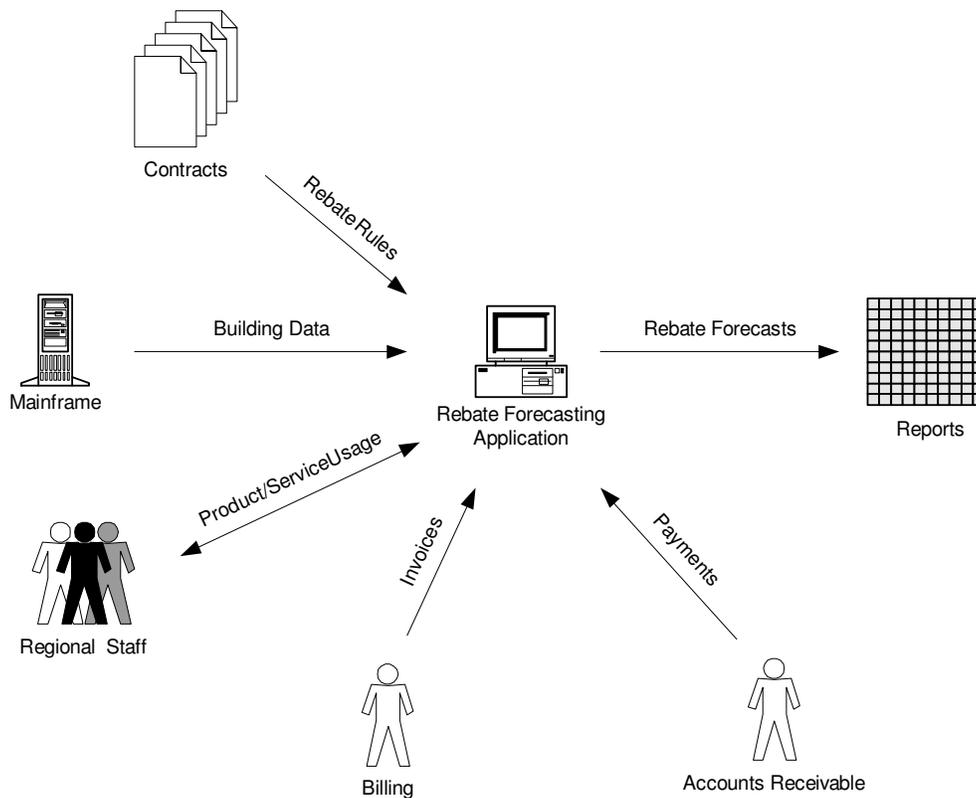
Wazee Group has developed a system that increases the accuracy of the forecasts, simplifies the data entry tasks, and offers greater insight into the rebate domain. This system allows:

- **Greater forecast accuracy.** By capturing the contracts and the underlying pricing rules, the system performs calculations on the building and products/services data to produce precise forecasts.
- **Increased productivity.** The system guides the users through the necessary steps to create and maintain the business data. It also minimizes the steps that require human interaction.
- **Consolidated business data.** The system supports the activities for the forecasting of the rebates, the invoicing of the rebates, and the receiving of payments for the invoices. By supporting the major activities, the business data may be consolidated and interlinked.
- **Diverse and unique insights.** The system supports multiple and diverse reports that increase the understanding of the rebate program and, ultimately, leads to increased profits.

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The first version of the system consisted of the following major components:

- **Contracts:** Initially the contracts were manually entered from the hardcopy versions. In the future, these contracts will be entered directly into the tool and the hardcopy will be generated from the tool.
- **Building Data:** Building data is imported from the ERP system. It represents the quantity and types of building to be performed over the next 12 months.
- **Product/Service Usage:** This data represents the usage of products and services of each vendor for the next 12 months. Since the usage varies over geographical areas, the data is specific to each of the major markets.
- **Invoices:** As the forecasts become actual rebates over the course of the forecast periods, invoices are generated and sent to the vendors.
- **Payments:** Payments of the rebate invoices are also tracked in the tool.
- **Reports:** The most important component is the reporting capabilities. By consolidating all of the business data, rebates may be calculated, compared with actual values, and tracked against invoices and payments.



Benefits Achieved

Within the first few days after the release of the initial version, the tool was forecasting rebates for the coming year of over \$26 million. The tool has greatly increased the accuracy of the rebate forecasts. With the increase in accuracy, the client's confidence in the forecasts has risen and now decisions are made to maximize the performance of their rebate program.

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