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Delivering
 Intelligent Business Solutions
 To **World Class** Retailers

ibs **DEALS**

Supplier Deal Negotiations Fact Sheet

OVERVIEW

One of the greatest opportunities for profit improvement in most retail organizations today is optimizing the supplier deal negotiations. Better buying requires optimizing negotiations and having access to the accurate deals and supplier performance information to ensure healthy sales and margin. As purchasing and associated supplier negotiations get more complex, it becomes difficult to identify the best suppliers and execute the appropriate strategies that maximize financial return.

Buyers and Category Managers need to easily access all aspects of a deal in order to evaluate the profitability impact of various scenarios. They need to gain insight on category performance, profitability and supplier performance in order to adjust their negotiation target and strategies.

Profits can be positively impacted through improvements in deal funds usage and collection. Recent studies, however, indicate that two out of three retailers fail to collect all their negotiated deal funds, leaving up to \$30 billion on the table each year. A major contributing factor to the problem of uncollected funds is the complexity of the deals. Many retailers manage supplier deal funds without the benefit of formal systems, processes and controls. As a result, Buyers and Category Managers do not receive the information they need to collect what they have negotiated.

Retailers are under pressure to improve deal management systems and controls in order to increase their collection rate and comply with regulatory requirements. Key considerations when selecting a deal negotiation system include the system's flexibility to integrate heterogeneous deal types, down to the item and store level on one side and up to multi-country, multi-level negotiations on the other side.

ibs **DEALS**, offered by Soft Solutions is the only software package for supplier negotiation and deal management that has been proven in Tier 1 retailers such as **Carrefour, B&Q, Auchan, Metro, Galeries Lafayette, Mosmart, O'key, Kingfisher and FNAC**. The solution can be deployed to manage a wide range of retail formats including grocery, mass merchandising, department stores, do-it-yourself and specialty retailing.

**Optimize Supplier
 Trade Funds and Deal
 Negotiations**

**Deal Simulations
 Impact Analysis**

**Improved Supplier
 Trade Funds and Deals
 Tracking and
 Collection**

**Ensure Government
 Regulations
 Compliance
 (Sarbanes-Oxley)**

**Increase Pre-Tax
 Profits by as much as
 20%**

KEY FEATURES

ibs **DEALS** is a modular and configurable platform which supports these key functionalities:

ibs **DEALS** - Portfolio

- Manage annual supplier business plans tied directly to category sales and profit plans by period
- Manage and store various deal simulation scenarios, offering a complete deals repository
- Simulate economic impact of alternative deal types to drive the negotiation agenda and boost supplier profitability over time
- Enable enterprise-wide search for best available deal terms based on period-to-date sales, purchases, other transaction information
- Compare deal terms from competing suppliers; compare deals across the organization, ensuring the best terms are always secured
- Real-time tracking of the supplier deals performance across categories, business units and countries for improved supplier negotiations

ibs **DEALS** – Contracts

- Generate automatically supplier deals confirmation and contracts using company templates
- Manage the deals and contracts validation electronically

ibs **DEALS** - Treasury

- Coordinate and issue automatically supplier debit notes and invoices and update retailer's financial and procurement systems
- Maintain transaction details, with full audit trail, to support the posting of accruals to the financial statements for better follow-up
- Generate automatic follow-up notices and interest tracking
- Integrate with procurement systems to ensure that all deal funds are earned and collected

ibs **DEALS** - Decisional

- Monitor deals and suppliers' performance vs. targets
- Track buyers' and category performance vs. targets
- Generate various reports for buying and deal analysis
- Provide supplier scorecard performance, including quantitative and qualitative insights
- Accurately measure item costs net of deal funds, monitor changes in the cost of goods as strategies change

BENEFITS

Lower the cost of goods

- Track supplier performance against profit objectives
- Measure item profit net of deals as an input to all merchandising and marketing decisions
- Integrate with ibs **REFERENTIAL** to calculate item profit net of logistics and store handling costs and extend the scope of supplier negotiations to programs that impact retailer operating costs
- Integrate with ibs **PROMOTIONS** to ensure that available trade promotion funds are optimally spent, consistent with marketing objectives
- Access to the optimal deal types for all buying units

Improve the collection of deal funds

- Integrate with procurement and accounting systems to ensure that all deal funds earned and collected are tracked in ibs **DEALS**
- Update accrued deal funds weekly to permit supplier invoices or debit notes to be issued automatically
- Track aging of supplier invoices and debit notes for analysis and follow up by the Accounting, Buyers and Category Managers
- Integrate supplier profitability and aging of receivables into supplier scorecard and performance measurement systems
- Reduced audits, errors, claims and disputed transactions

Reduce operating costs and maintain better discipline

- Reduce time and support staff required for data validation, re-keying of deal information and vendor billing
- Leverage global best practices and better communication among buying units in the areas of organization, strategy, policy, process, data, tools and performance metrics
- Integrate with **Retailer Collaboration Suite** to create a "system of record" for deals, reducing disputed invoices pending between the retailer and suppliers
- Eliminate the costs associated with third party performance audits and collections
- Maintain transaction details, with full audit trail, to support the posting of accruals to the financial statements in light of Sarbanes-Oxley compliance
- Provide reporting by Buyer/Category Manager on compliance with process requirements as well as comparison of accruals with budget

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