AVANADE ADVANCED REBATE MANAGEMENT
(USER GUIDE DYNAMICS 365 FOR FINANCE AND OPERATIONS)

Document Information

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Location	

History

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Document Review and Sign-off

Name	Role	Action	Date Reviewed
Sabyasachi	Reviewer	*<Review>*	
Jeyaram Sridharan	Approver	*<Approve>*	

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1. Advanced Rebate Management

Advanced Rebate Management(ARM) concept applied for an item for better visibility on margin. Except during the Sale period, it is a way to find best way to sell the products. This is achieved by selling the product with negative margin (providing rebates).

The business reason for applying negative margin (rebate) and impacting the item cost without affecting the margin is called as Waterfall Cost.

Example: Very often Electronic goods falls under this category of rebates. User needs to decide to sell the product without affecting the margin.

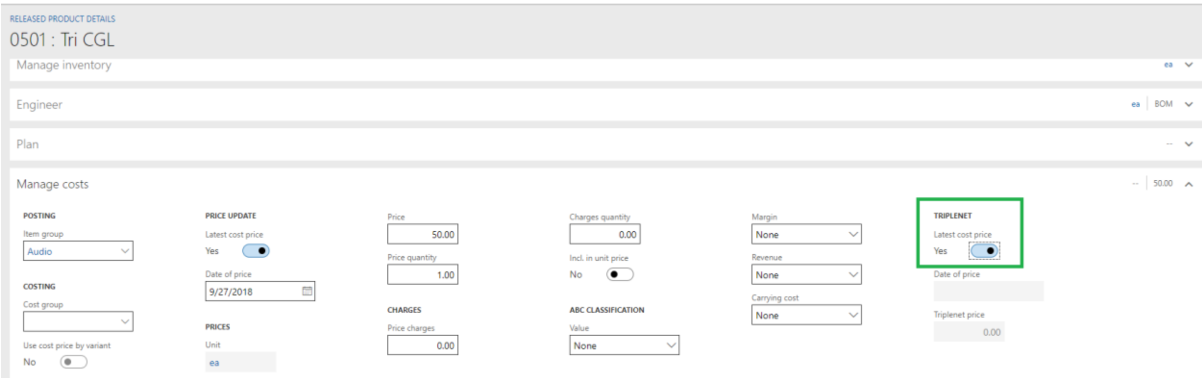
2. ARM Item Parameter

Created a product (0501) in USMF with Dimension Group Site, WH and Tracking Dimension – None

Released the product to Local Company (USMF)

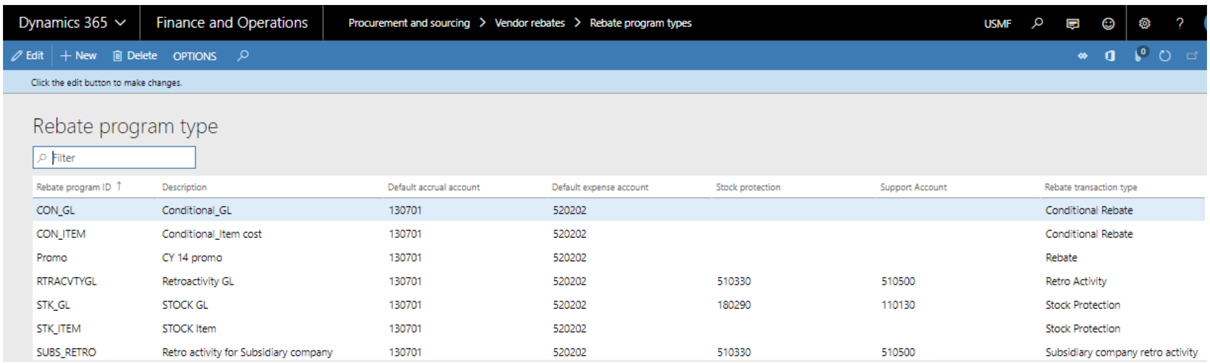
Configured Item Model Group as WAVG and Item Group as Audio

Navigation – Product Information Management - > Released Product -> Manage Cost> ARM Latest Cost Price. Enable the Slider to Yes



3. Rebate Program Types

Navigation Path: **'Procurement and sourcing** -> **Rebates Update** -> **Rebate Program Type**



Rebate program ID	Description	Default accrual account	Default expense account	Stock protection	Support Account	Rebate transaction type
CON_GL	Conditional_GL	130701	520202			Conditional Rebate
CON_ITEM	Conditional_Item cost	130701	520202			Conditional Rebate
Promo	CY 14 promo	130701	520202			Rebate
RTRACVTYGL	Retroactivity GL	130701	520202	510330	510500	Retro Activity
STK_GL	STOCK GL	130701	520202	180290	110130	Stock Protection
STK_ITEM	STOCK Item	130701	520202			Stock Protection
SUBS_RETRO	Retro activity for Subsidiary company	130701	520202	510330	510500	Subsidiary company retro activity

3.1 Rebate Agreement against the item and a vendor

A vendor rebate agreement is a record of a contract with a vendor that specifies the negotiated terms and conditions under which the company qualifies for a monetary reward in return for achieving preset purchase targets. Vendor rebate agreements are recorded on the **Rebate agreements** page.

Navigation- **Procurement and sourcing** > **Vendor rebates** > **Rebate agreements**.

Standard D365 process for rebate calculation will be extended to fulfil this requirement. Initial setup for rebate will be done in the standard system.

a) Existing Rebate program to be used to define the type of rebate. Following are the suggestable rebate type to map the requirement:

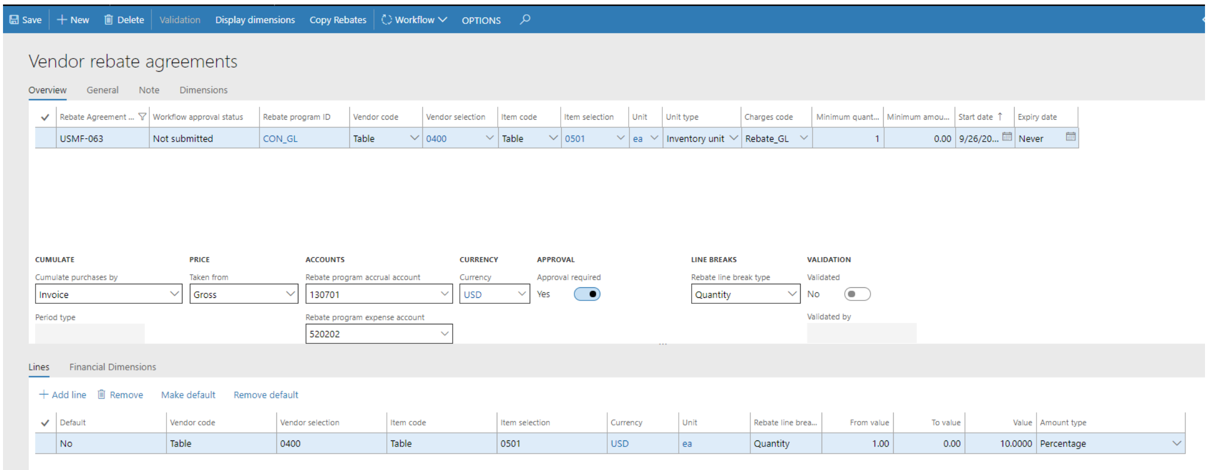
- Conditional – To impact item cost
- Conditional – Not to impact item cost
- Unconditional – To impact item cost
- Unconditional – Not to impact the item cost

b) **Miscellaneous charges**:

- Conditional Miscellaneous Charges -- Load on inventory (type should be mapped as item)
- Conditional Miscellaneous Charges –Not loaded in item cost (type should be GL and account should be mapped)
- Unconditional Miscellaneous Charges -- Load on inventory (type should be mapped as item).
- Unconditional Miscellaneous Charges –Not loaded in item cost (type should be GL and account should be
  Mapped

4. Conditional to GL

Click **New** and create a new vendor rebate agreement with rebate program = **CON_GL**



Header Information's

Enter the Rebate Program ID as CON_GL

Vendor Selection – 0400

Enter the item number on the item field – 0501

Enter Rebate_GL from the charge code drop down field

For example, the Rebate line break type field is set to Quantity, and you enter 1 in the From value field and 0 in the To value field.

On the agreement lines, you can specify the vendor rebate agreement in more detail.

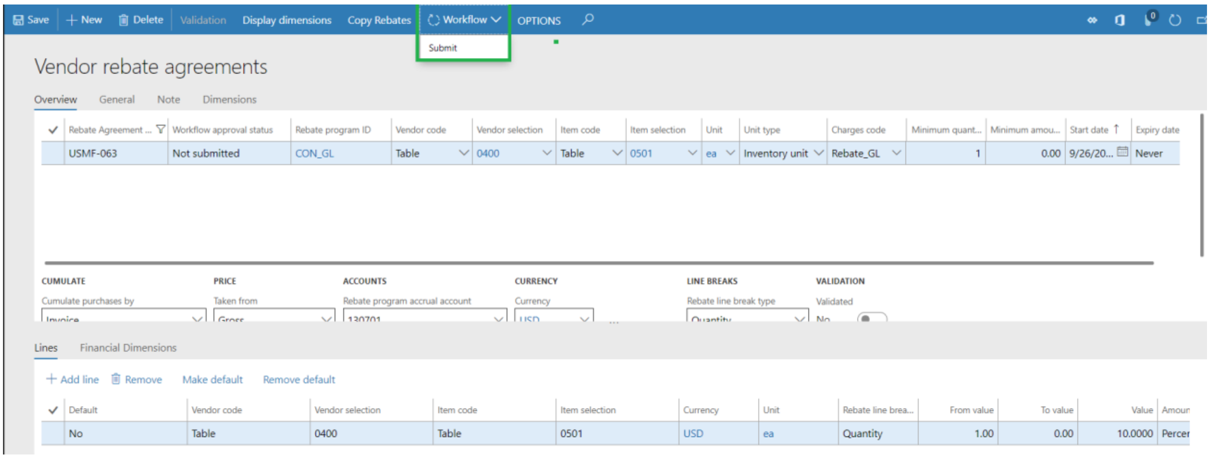
The **Rebate line break type** field specifies the basis for the rebates.

- **Quantity** – The rebates are volume-based.
- **Amount** – The rebates are amount-based.

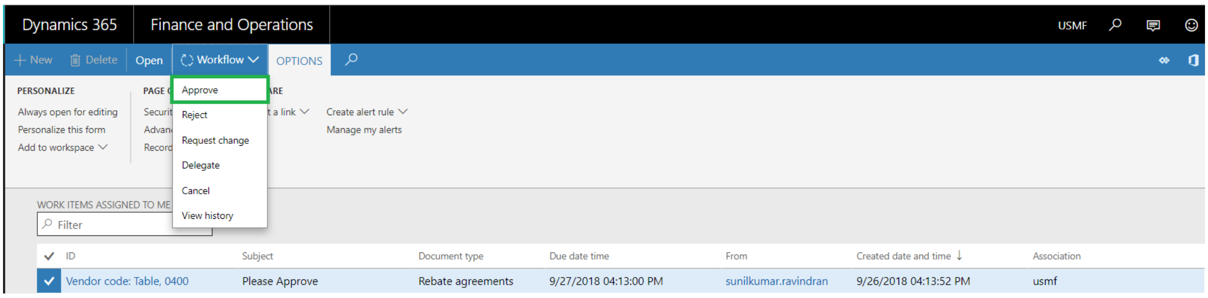
Amount Type is classified into three type

- Percentage
- Amount per unit
- Fixed amount

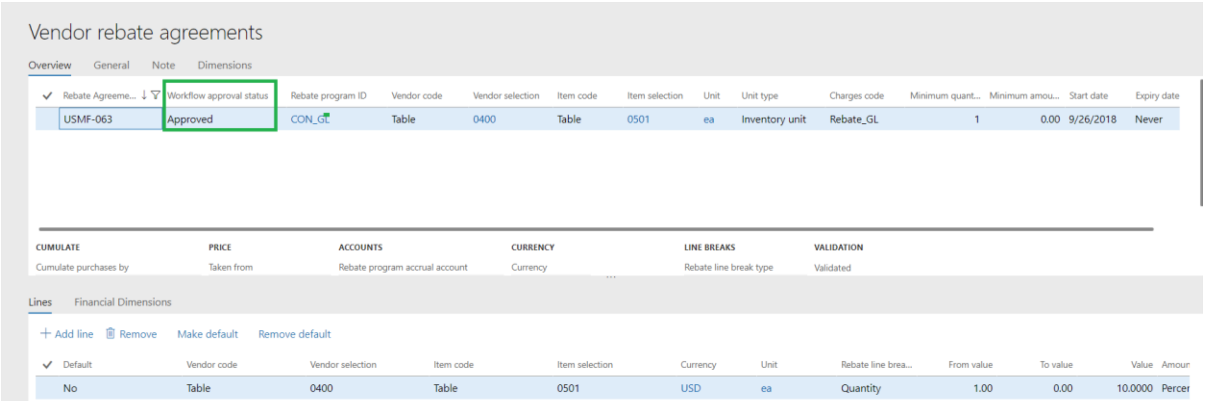
Now submit the rebate agreement via workflow. Once the rebate has been submitted an Infolog will be displayed eg Vendor rebate 68719498487 has been submitted to the workflow.



Approve the submitted record via workflow



Now navigate to the vendor rebate agreement form. The status of the agreement has changed to Approved

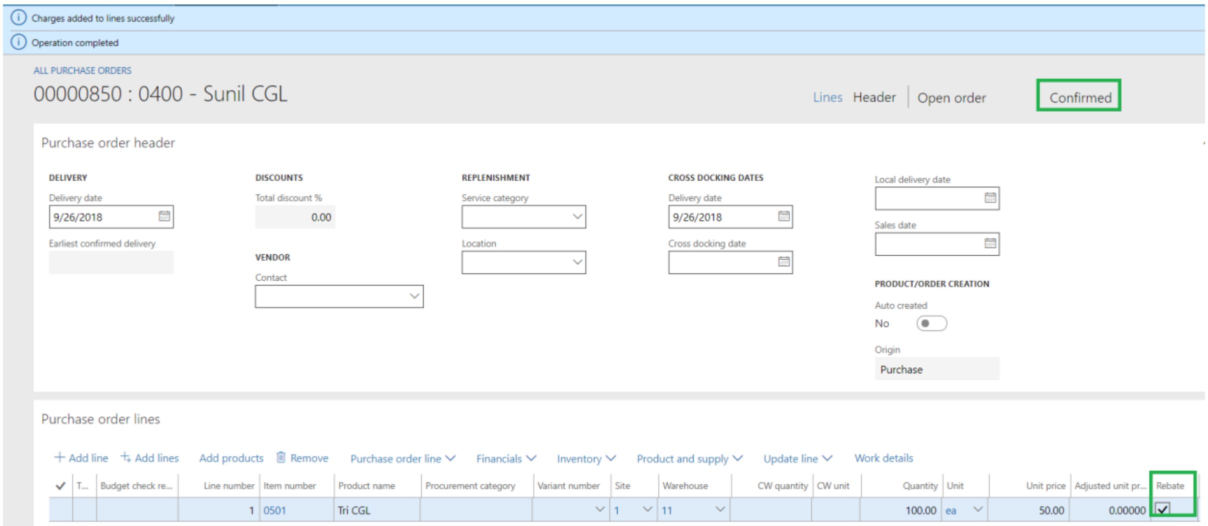


4.1 Purchase order creation against the Rebate agreement

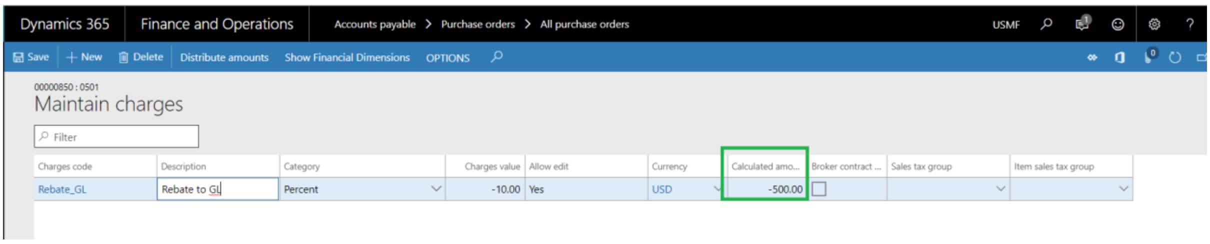
When purchase orders are placed with a vendor that the company has a rebate agreement with, the program identifies any future vendor credit payments. If the purchase orders qualify for a rebate, a rebate claim is generated for every order line as soon as a purchase invoice has been posted. Later, you can review the expected rebates and see the impact of those rebates on the product's cost.

Navigation - Accounts payable>Purchase orders>All purchase orders

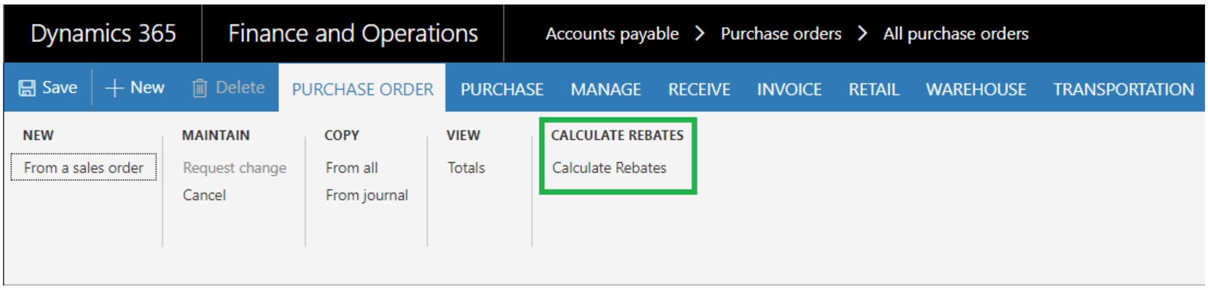
After the creation of PO. Once the PO gets confirmed. Rebate gets calculated based on the master setup in the rebate agreement. If the order is eligible for the rebate. Rebate checkbox will get checked against the PO Lines. Else the rebate checkbox remains unchecked.



Once the rebate charges are processed it will be available as miscellaneous charges in Purchase Order Line.

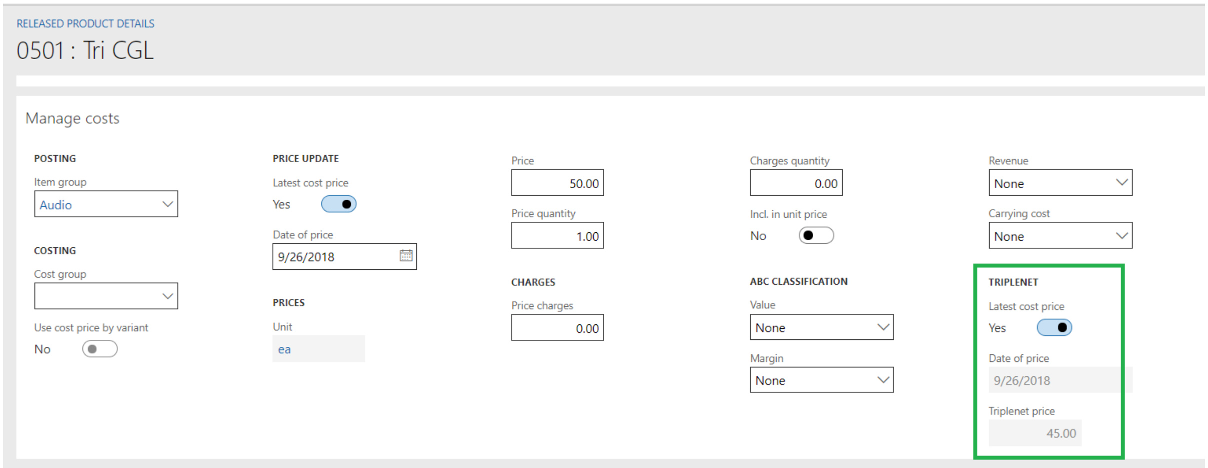


Rebate charges can be recalculated by using ‘Calculate rebate’ in the Purchase order. This button will remove the existing rebate charges in the miscellaneous charges form

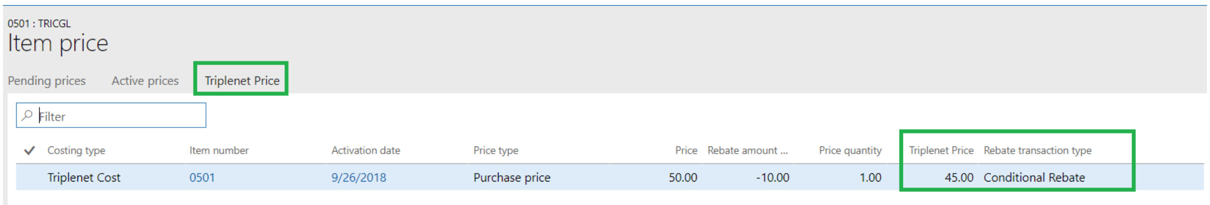


Now invoice the Purchase order and the triple-net price will get updated against the respective item.

ARM price will be displayed on the Manage cost form against the item



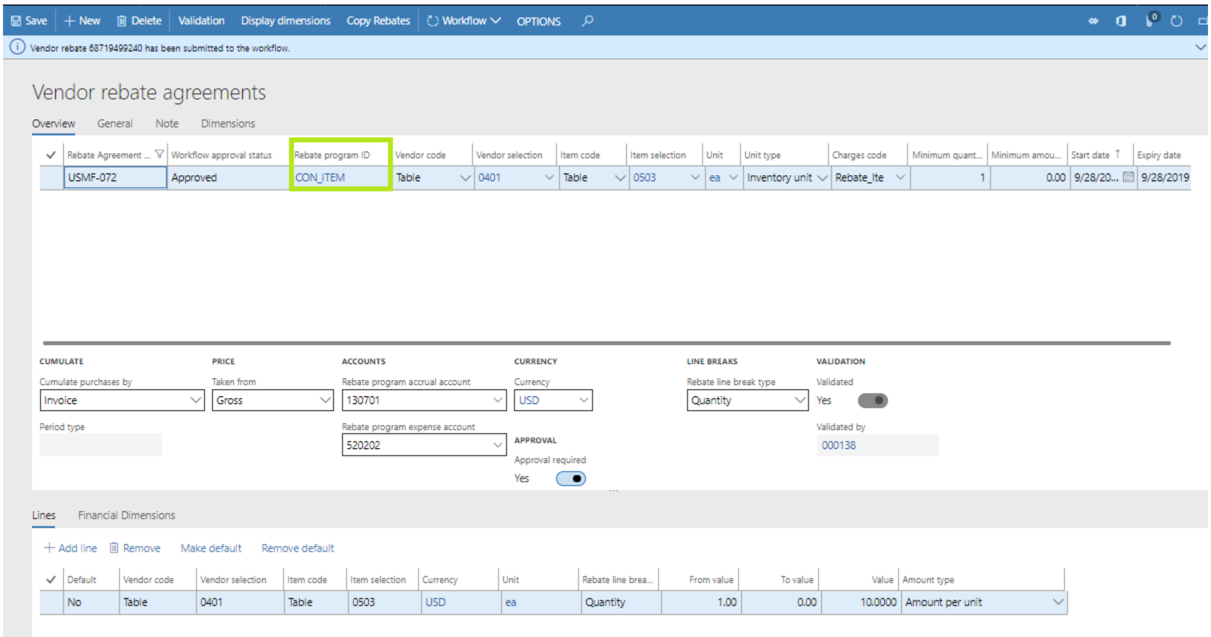
ARM Price and its rebate transaction type can be tracked on the Item Cost price form underneath ARM Price tab



5. Conditional to Item

Navigate to Vendor rebate agreement form

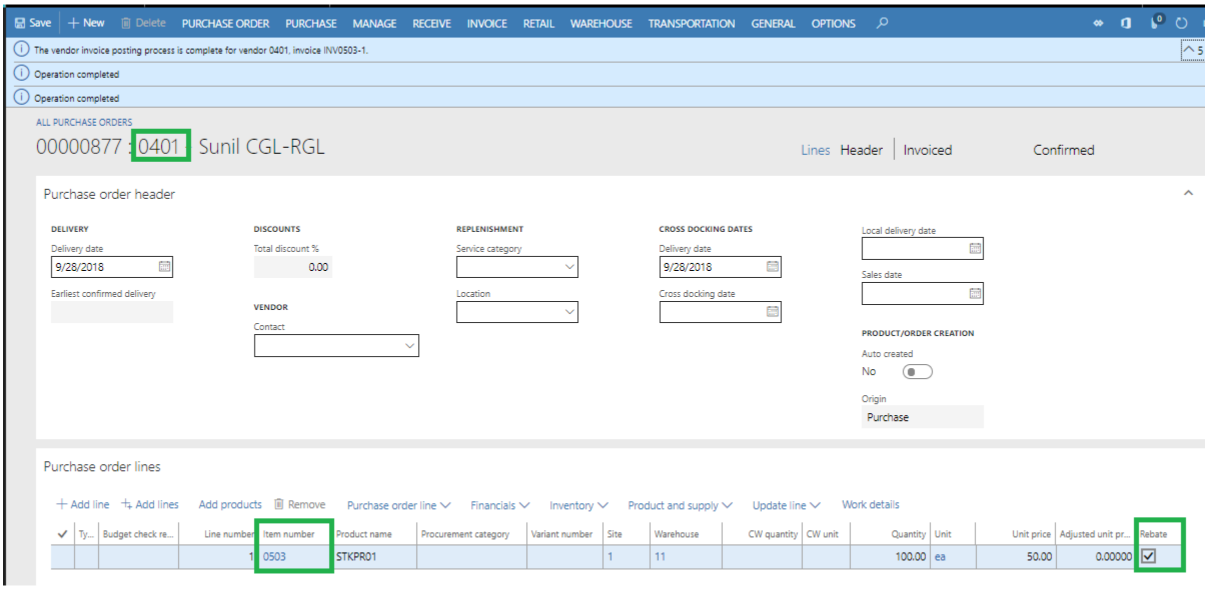
Click New and create a new vendor rebate agreement with rebate program type = CON_ITEM against an item 0503 and vendor 0401 with amount type = Amount per unit



5.1. Purchase order creation against the Rebate agreement

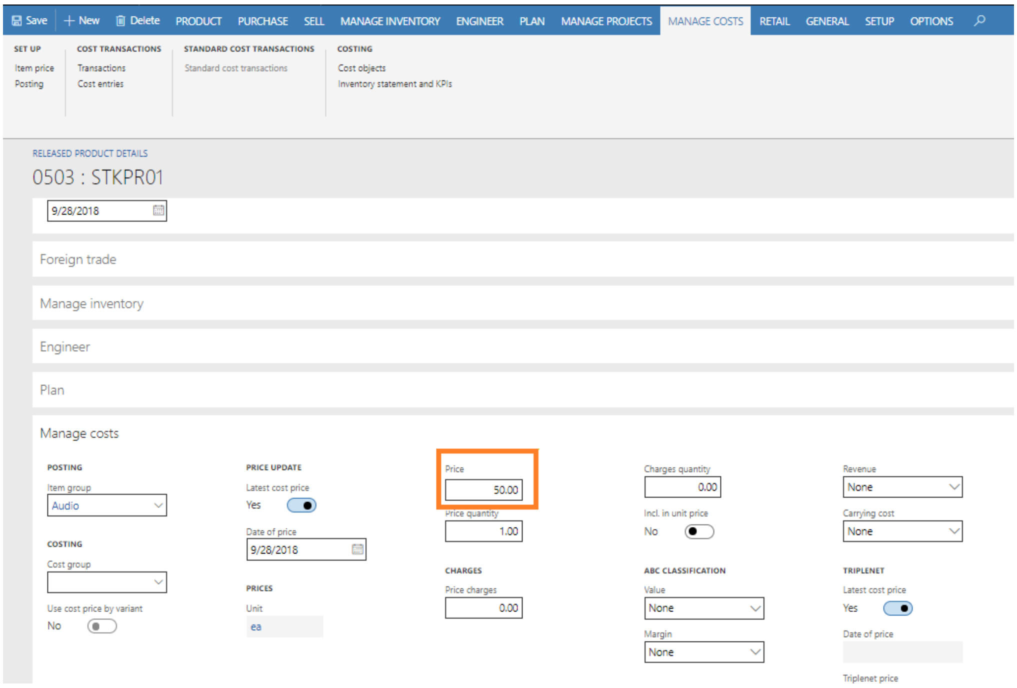
Navigation - Accounts payable>Purchase orders>All purchase orders

After the creation of PO. Once the PO gets confirmed. Rebate gets calculated based on the master setup in the rebate agreement. If the order is eligible for the rebate. Rebate checkbox will get checked against the PO Lines. Else the rebate checkbox remains unchecked.

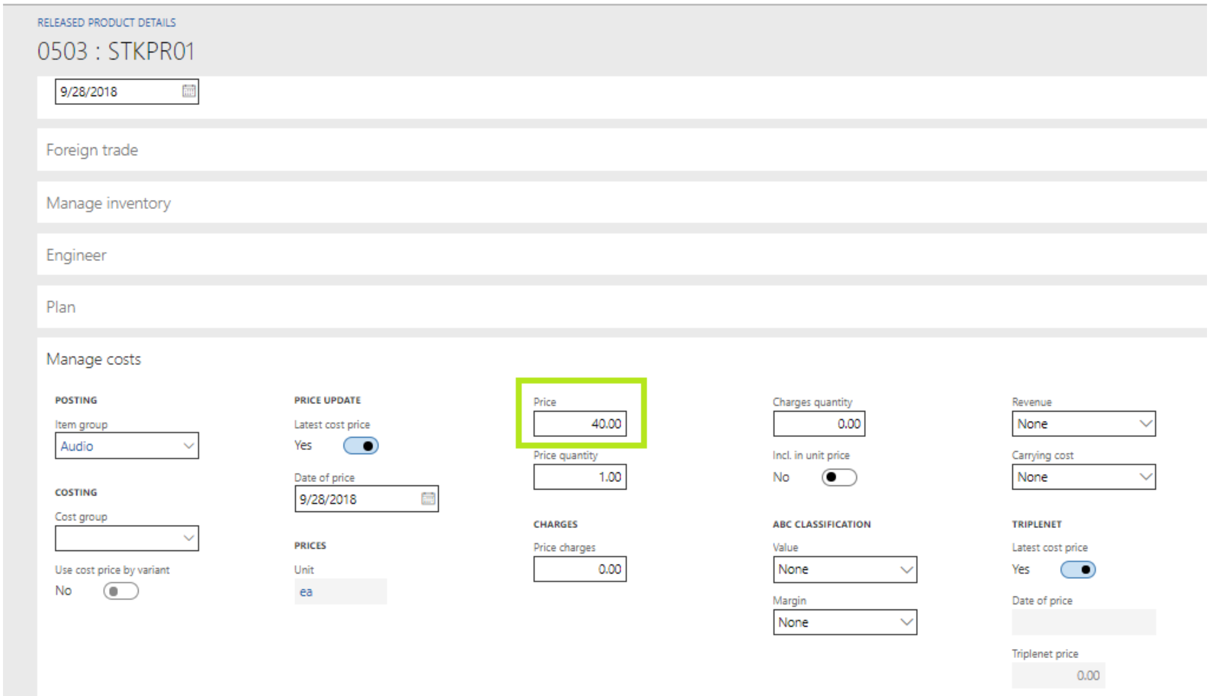


Since the rebate program ID and charge code is defined as **ITEM**. If the rebates program type is either (CON_ITEM/UNCON_ITEM) Miscellaneous Charges will be added to the Purchase Order Lines. The credit component will go to Item to load the charge amount to item Cost Price.

Before PO Is Invoice the Item cost price is $50



After PO Invoiced the Price got updated to $40

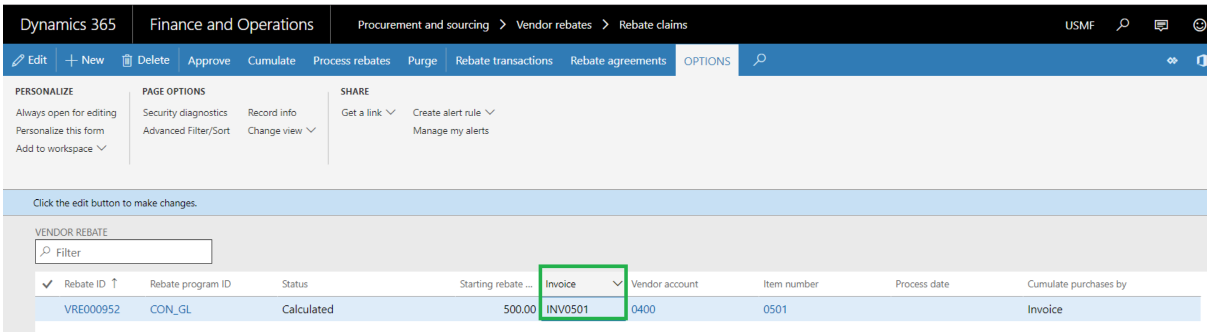


6. Rebate Claims

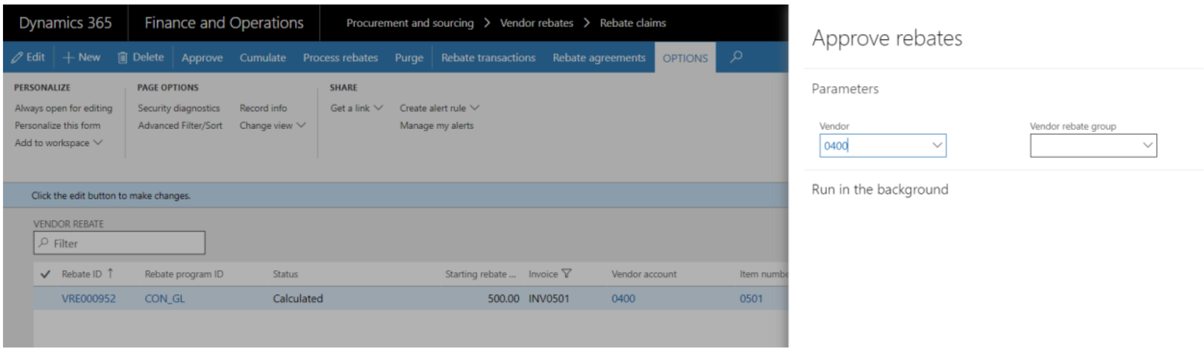
Standard D365 process for claiming the type of rebates (Conditional/Unconditional/Stock Protection) are maintained for the claiming process.

1. Navigate to **Procurement and sourcing** > **Vendor Rebates** > **Rebate claims** to open a rebate claim.

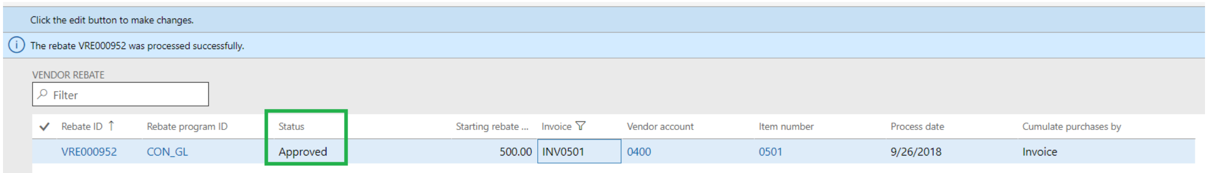
2. The appropriate rebate ID can be filtered through Rebate Program ID/Invoice ID/Item ID/Vendor ID. By default, the status of the rebate claim will be set as calculated



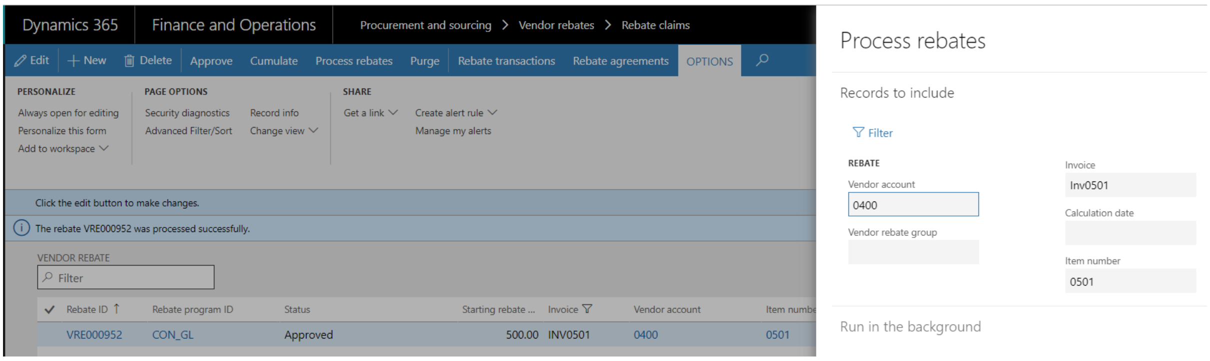
3. Mark the appropriate, and then, on the Action Pane, select **Approve**.



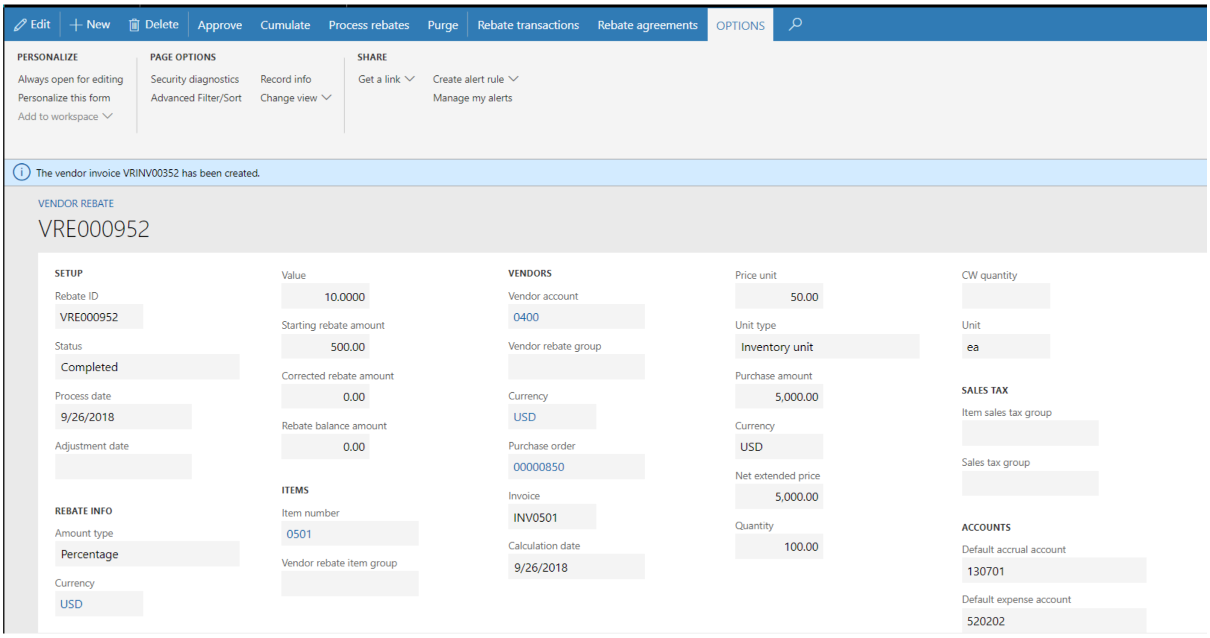
4. On the request page, in the **Vendor** field, select the vendor that you're authorized to receive a rebate form, and then select **OK**.
5. Now the status gets updated to Approved



6. On the Action pane, Select Process Rebate



7. On the request page, in the **Vendor** field, select the vendor, Invoice ID and item id that you're authorized to receive a rebate form, and then select **OK**. Rebate status gets updated to calculated.



A Rebate accrual journal is posted for the claim amount. This posting debit the Accrued Vendor Rebates Receivable account for the expected vendor credit and credits the interim Accrued Vendor Rebates Received account for the expected gain.

7.Stock Protection

For **Stock Protection,** a **new Journal type will be developed**. Using this journal, adjustments can be posted. After posting the inventory cost will be affected.

Stock Protection:
Stock protection functionality will be useful for the lying stocks in the warehouse, which needs to be sold at a discounted rate. Certain amount or percentage of the rebate can be configured after introducing this process for returning items.
It is a business decision to apply stock protection process

Approach: A new journal type **'Stock Protection'** will be created. Another related setup (e.g. Number Sequence) needs to be created as well.

Stock protection rebate will be created as a Rebate agreement and the same will be mapped with respective miscellaneous charges code to define the posting (Item cost/GL). This will be applicable after posting the purchase invoice.

Navigate to **Procurement and sourcing** > **Vendor rebates** > **Rebate agreements**.

7.1.Stock Protection to GL

Click **New**

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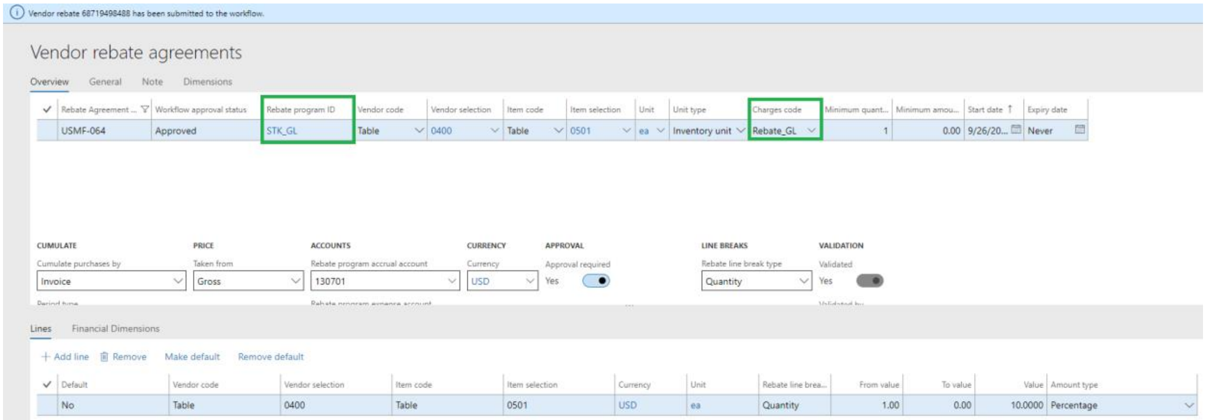
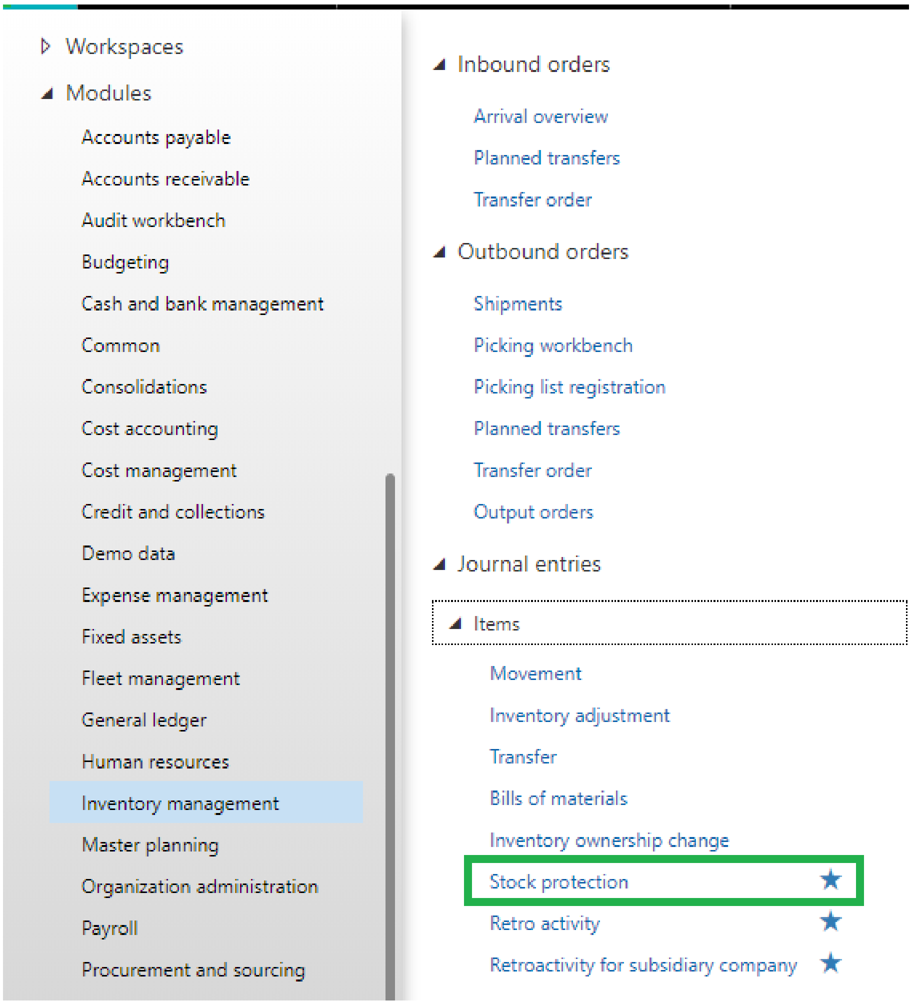
Create a New Rebate Agreement against the same item 0501 and same vendor 0400 with rebate type = STK_GL



7.2.Stock Protection Journal

A new journal to be created for **'Stock protection'** rebate.
Navigation Path: **'Inventory management -> Journal entries -> Items -> Stock Protection**

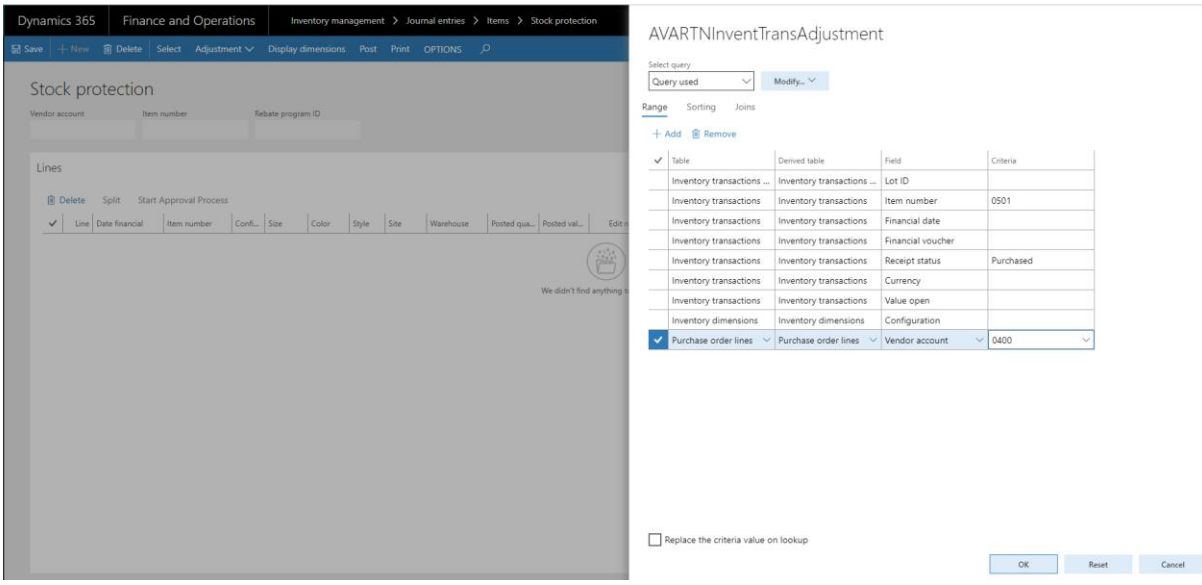


7.3.Query to filter the eligible Purchase orders

Click on the select button on action pane

On filtering the header on Vendor, Item & Rebate agreement, the form will enable a filtering the Invoice Journal Filters.

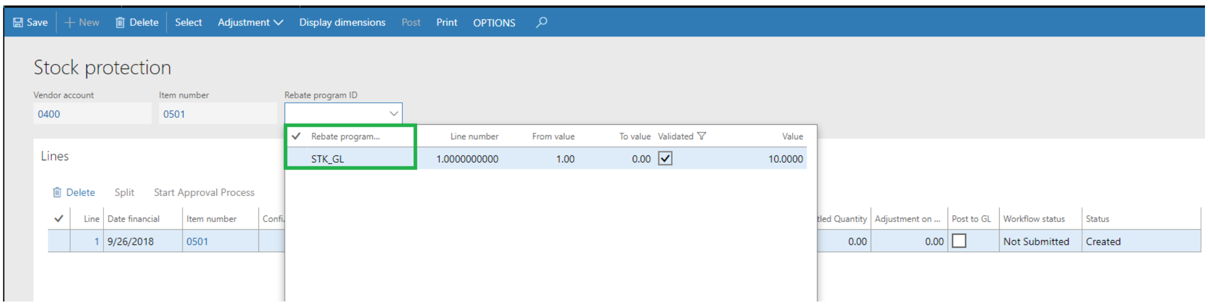
The query can be configured for a Batch/Routine. Journals are created and listed for the user selection from the batch.



Click Ok.

Now the records will be displayed on the Stock Protection Form.

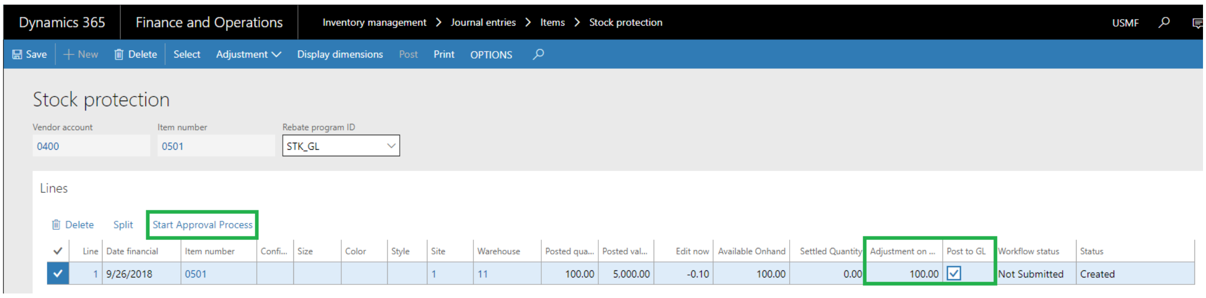
Rebate agreement: This field will be a dropdown with manual selection by the user.
The field enables the user to select the Rebate agreement. On selection of this rebate program id, the rebate is calculated with preset conditions (rebate agreement) and applied on the Edit now field.

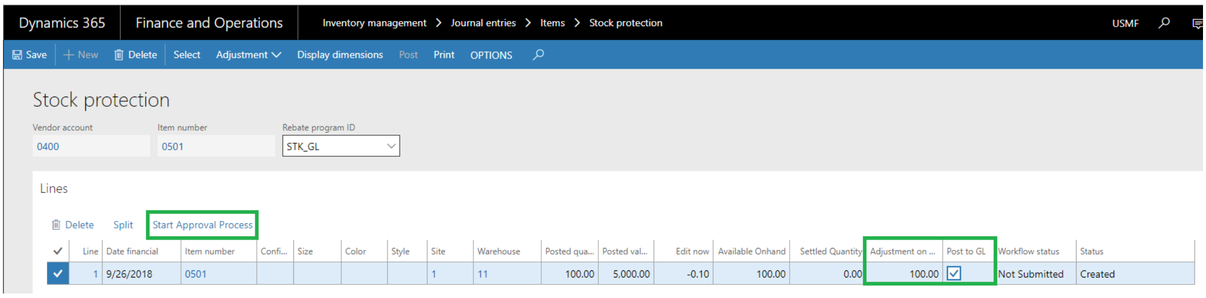


2.Field: Edit Now: This Field that allows the user to post the rebate adjustment against the Rebate agreement. This will suggest pre-calculated value based on the selection of the rebate program ID selected.

Rebate value will be automatically populated in this field based on the selection of rebate agreement.

3.Field: Settled quantity: It's a display field based on the table information in Invent trans. The field display's the Quantity that are already settled.ie, Items that are sold from the inventory.
4.Field: Adjustment on Settled quantity: Field that allows the user to Post the Adjustment to GL. The amount posted to the GL with reference to the setup of GL posting profile Item combination posting. Posting Profiles must be preset.

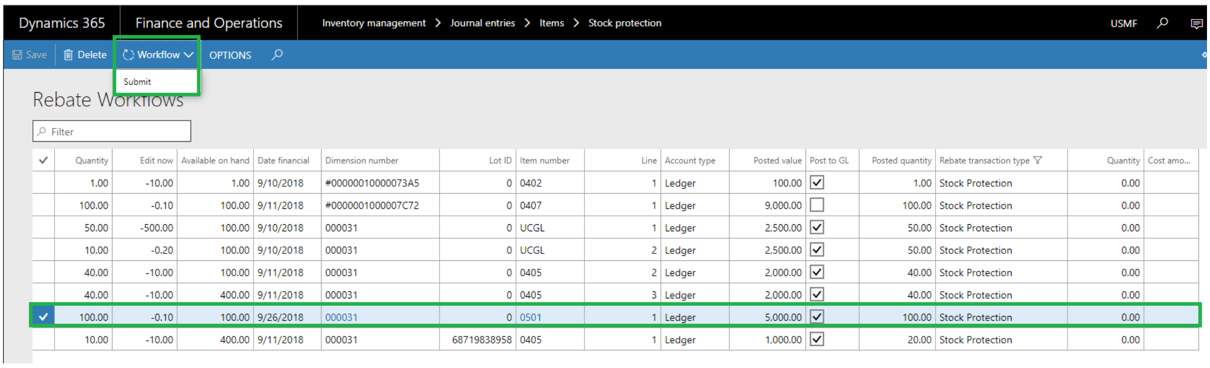




Click Start Approval Process.

Rebate Workflow form will be opened.

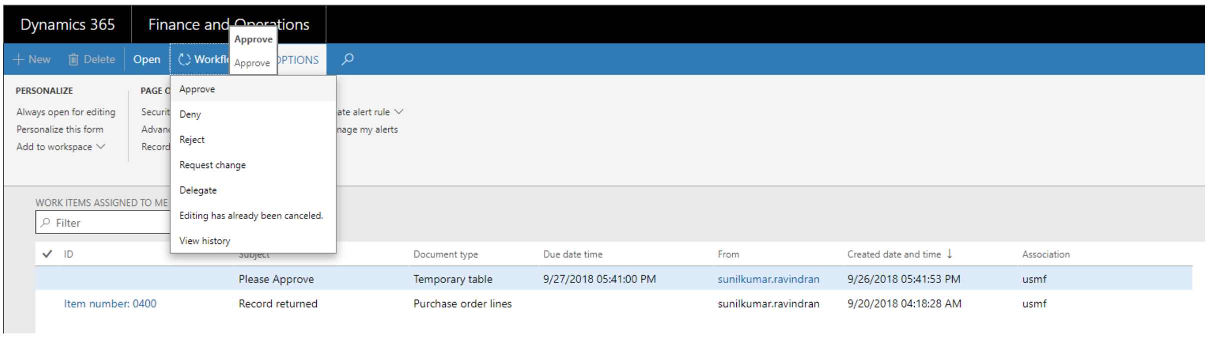
Select the appropriate record based on the date/qty/Rebate Transaction type



Click Workflow and submit the record

The record will be displayed on the temporary table.

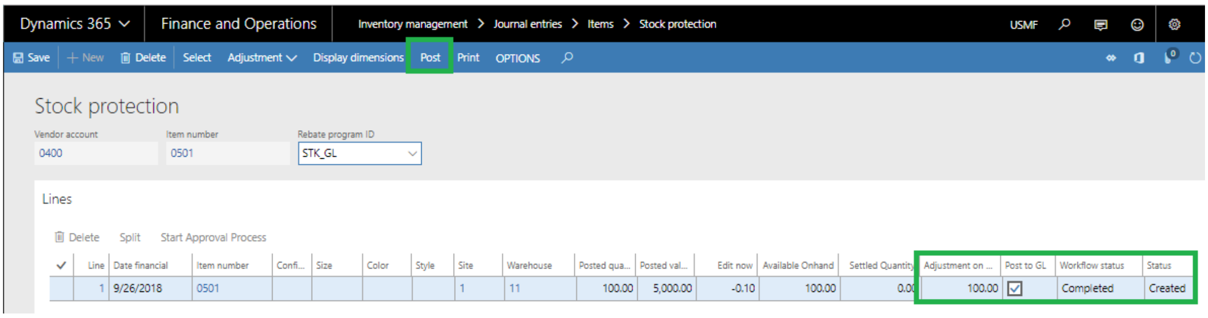
Select the record and approve the record



Once the SP Journal has been approved.

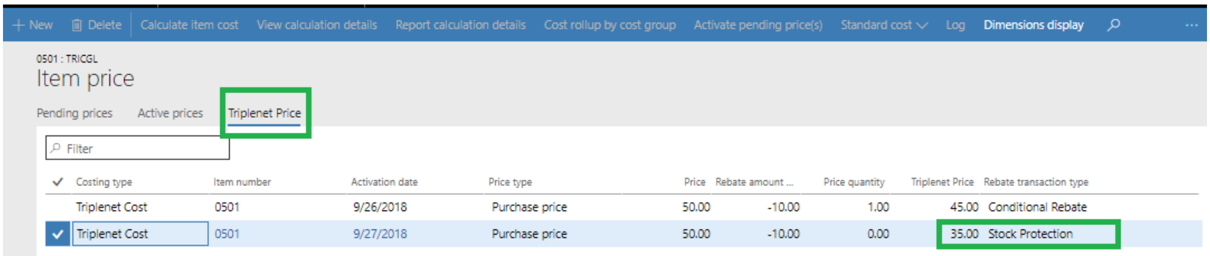
In Stock Protection form the workflow status gets updated to **completed** from **Not submitted.**

Now, this SP Journal is ready for posting. Click **Post** button and Post the record.



Once the record is posted. The status gets updated to **Posted** from Created and ARM prices are recorded against the item. This can be viewed on the Released Product -> Manage Cost->Set up Action pane->Item Price-> Triple-net Price tab.

A new record is displayed with rebate transaction type **Stock Protection**.



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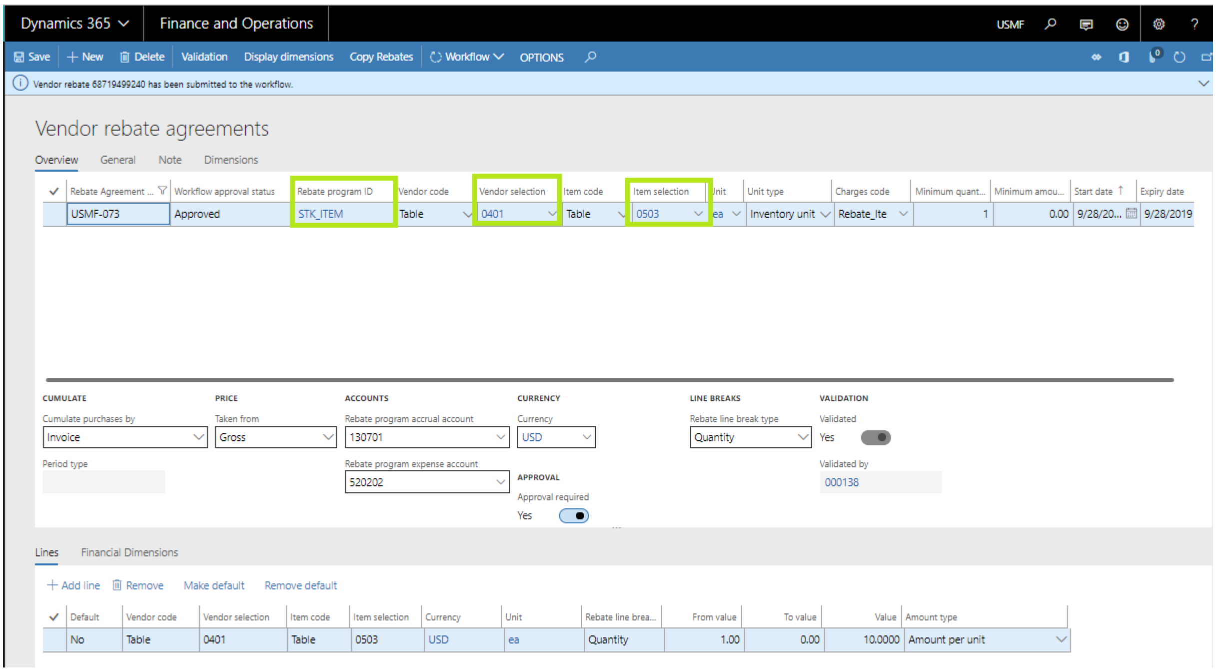
8. Stock Protection to Item

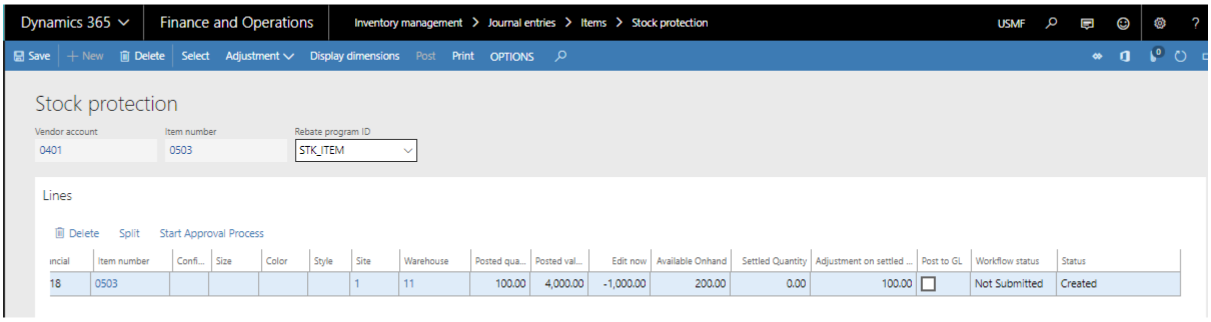
Navigate to **Procurement and sourcing** > **Vendor rebates** > **Rebate agreements**.

Click **New**

Create a New Rebate Agreement against the same item 0503 and same vendor 0401 which we used for CON_ITE with rebate type = STK_ITE and approve the rebate agreement.

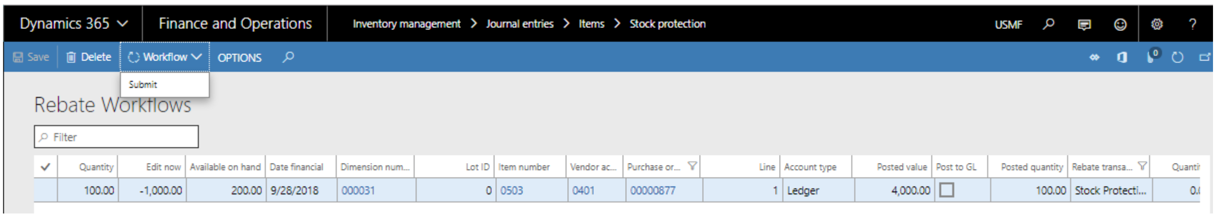


Now Navigate: **'Inventory management -> Journal entries -> Items -> Stock Protection**

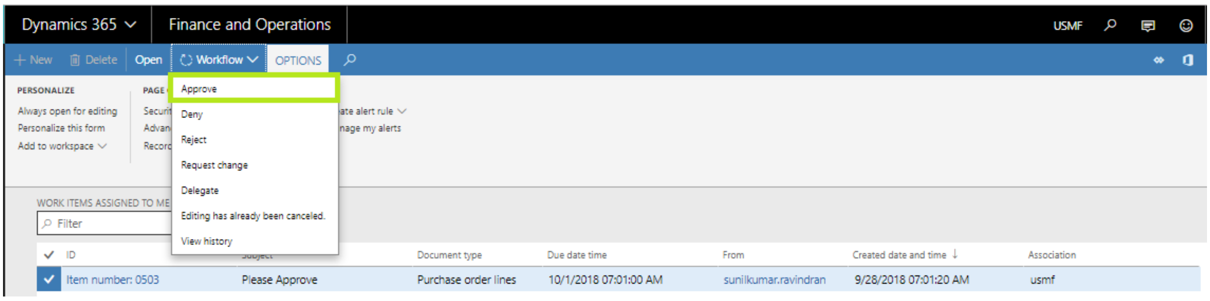


Start the approval process for the record.

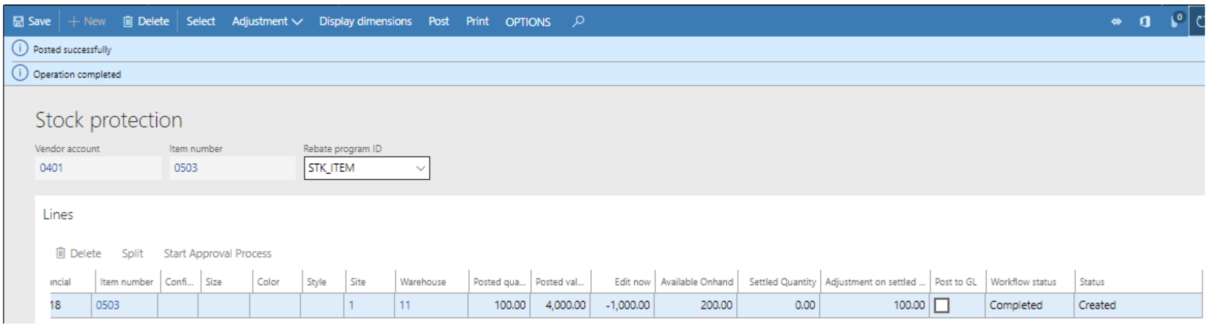
Rebate Workflow window will be displayed and select the appropriate record and submit the workflow



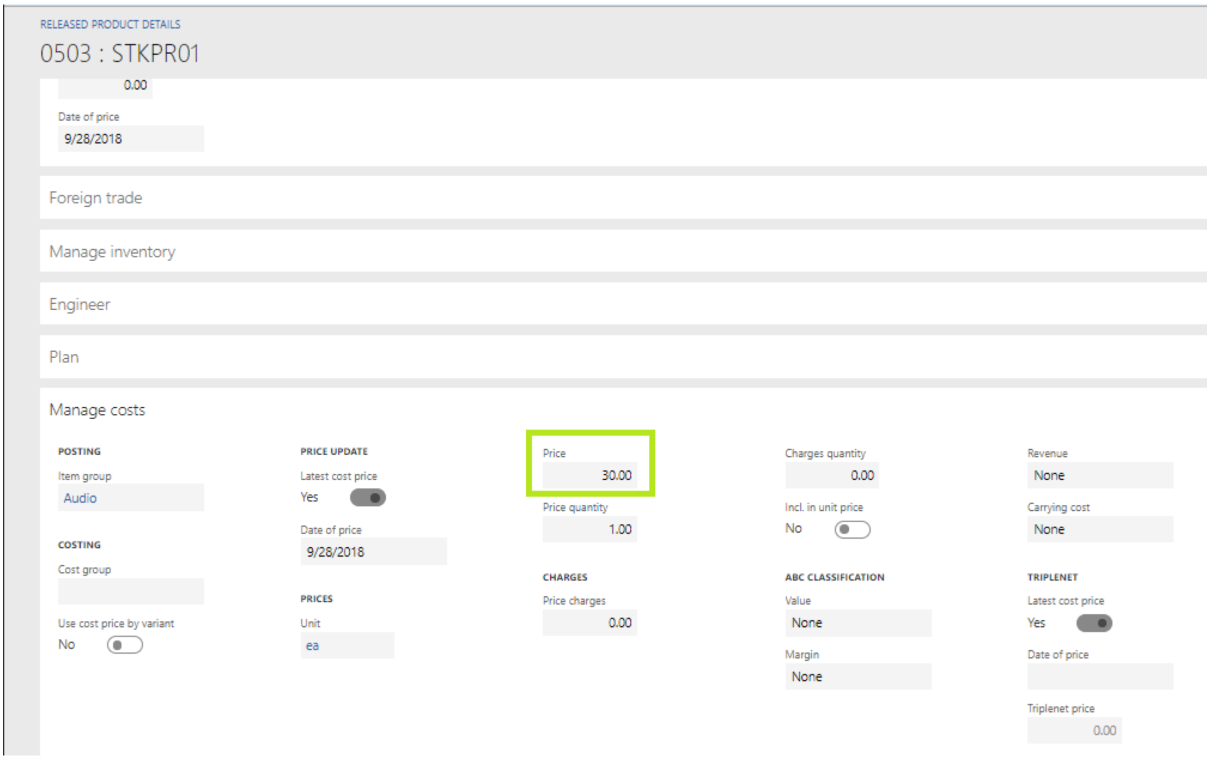
Approve the work flow



After Approval the record status gets updated to **Completed** and now the record is ready to post



After Posting the record. The item price got updated which can be seen on the manage cost form.

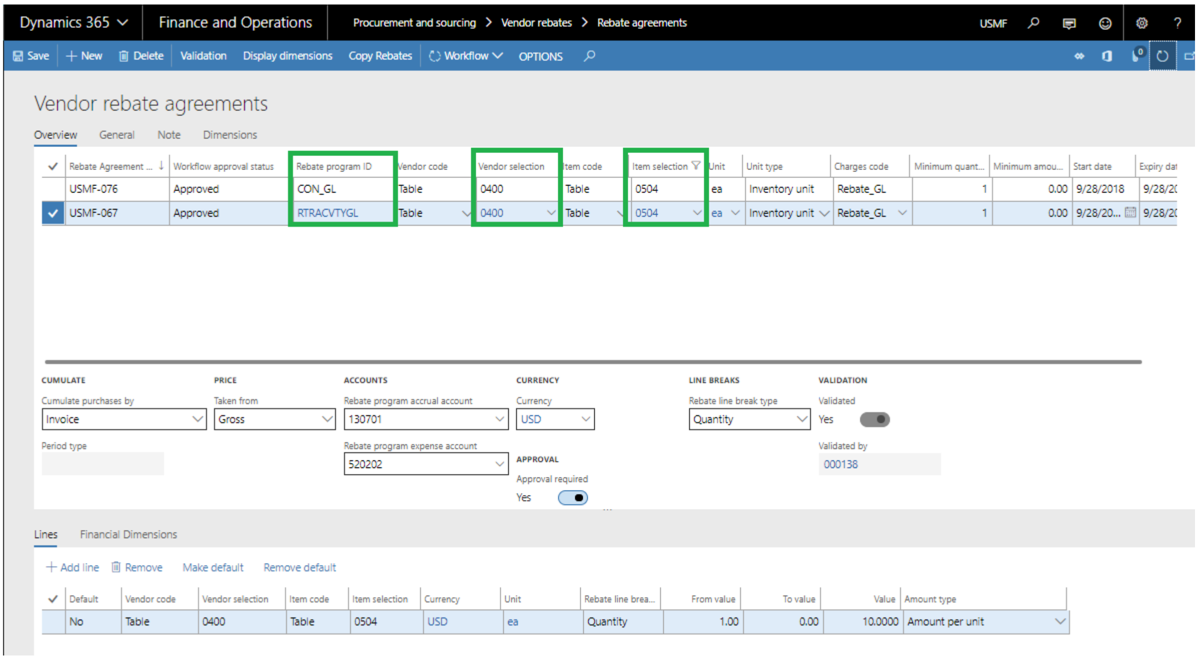


9. Retro Activity

Retroactivity: This is a case rebate agreement is created after the effective start of the contact or after creation of Purchase order, then the rebate should be applicable for the qualified purchase order.

Navigate to **Inventory management >Journal entries >Items >Retroactivity.**

Created a Rebate agreement against a vendor and item

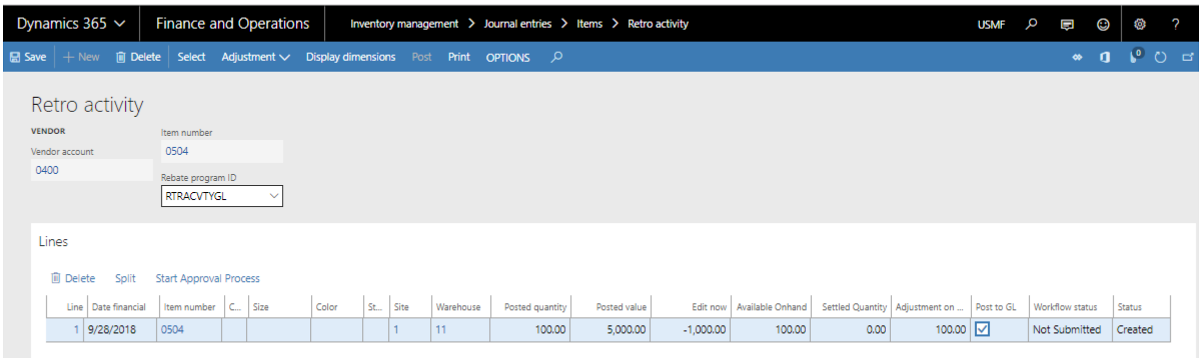


9.1. Query to filter the eligible Purchase orders

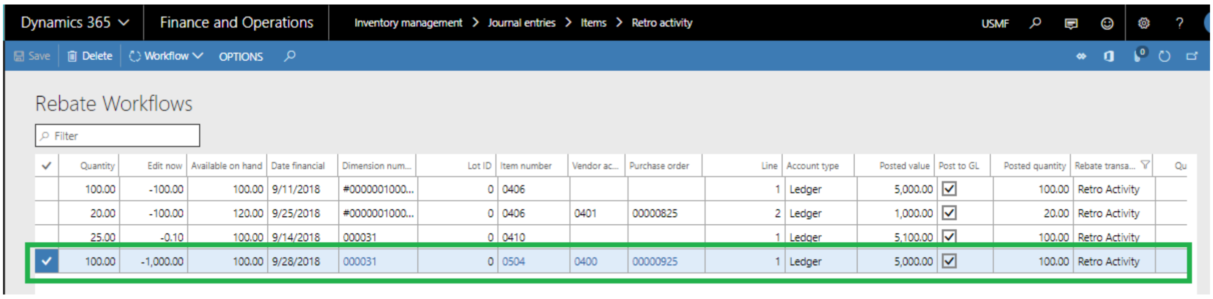
Click on the select button on action pane

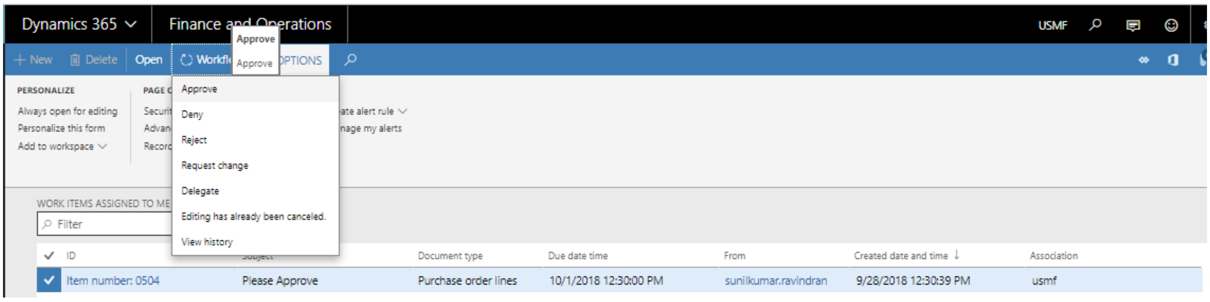
On filtering the header on Vendor, Item & Rebate agreement, the form will enable a filtering the Invoice Journal Filters.

The query can be configured for a Batch/Routine. Journals are created and listed for the user selection from the batch.

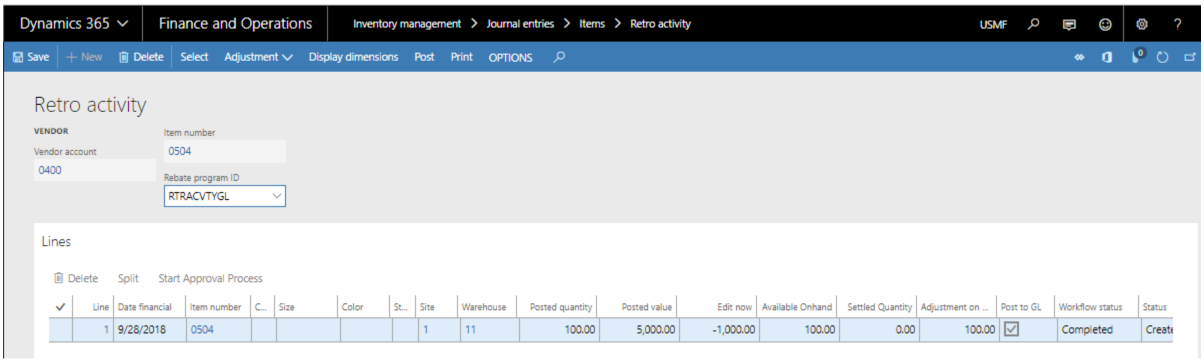


Click start Approval Process and approve and submit the record.



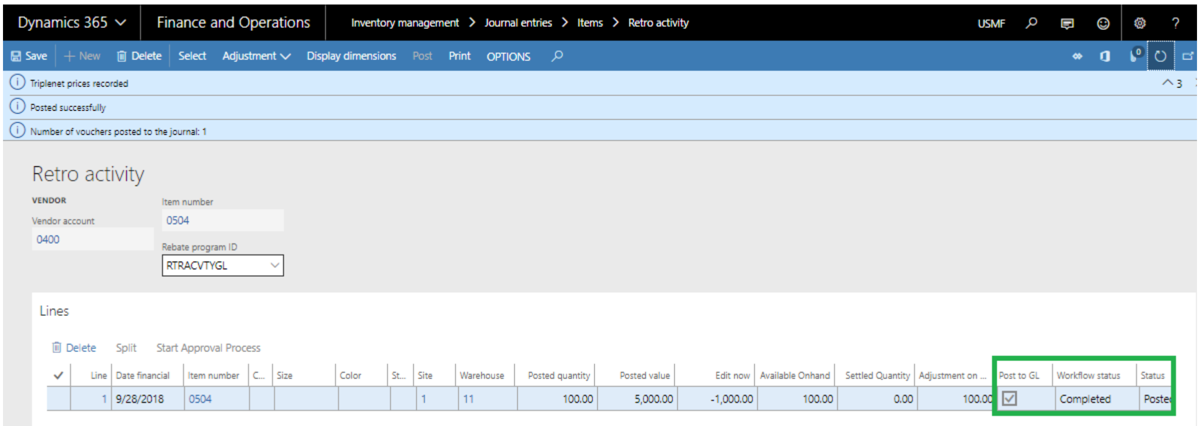


After submitting the record, the workflow status got updated to Completed.

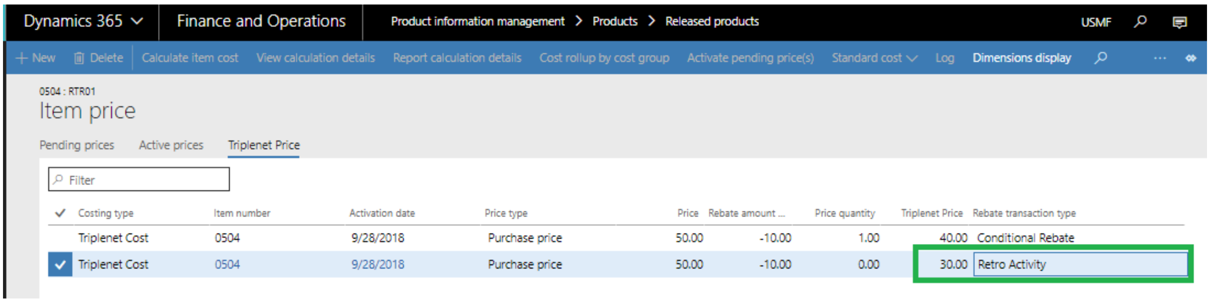


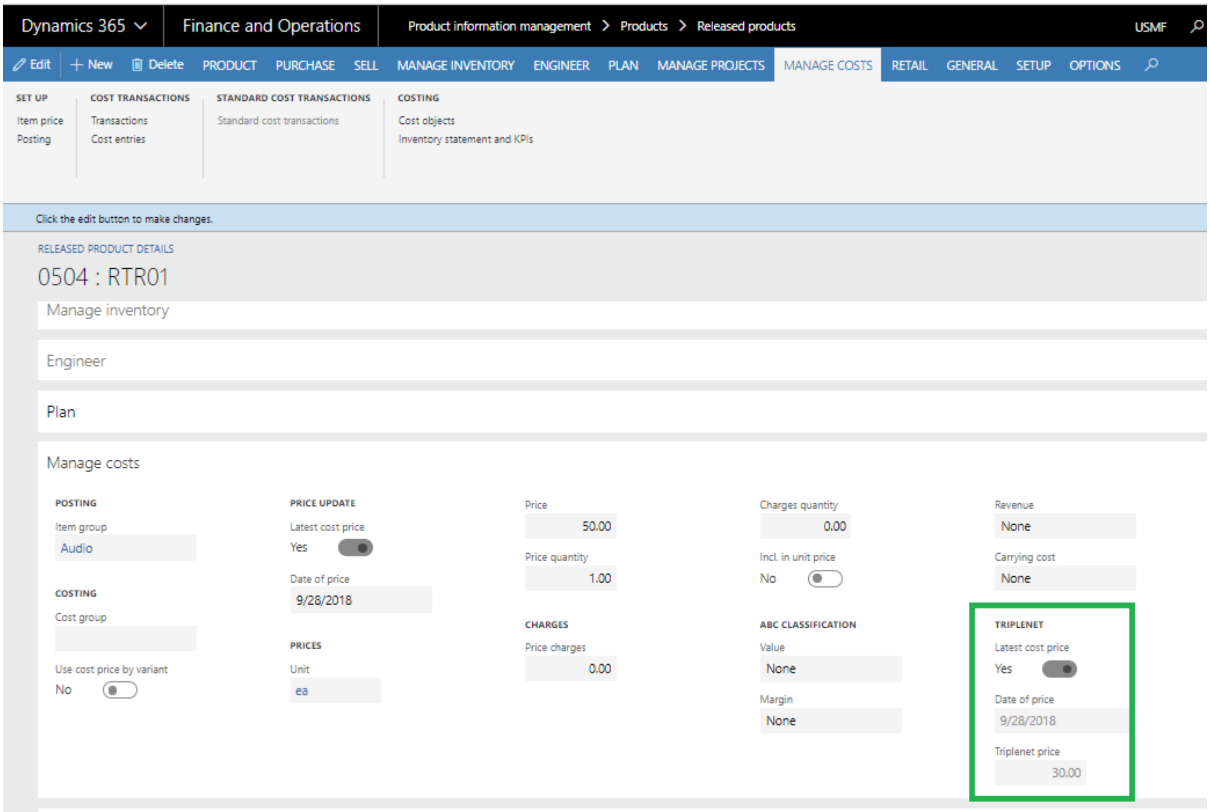
Now Post the record.

After Posting the record the status gets updated to Posted.



ARM price got updated against the item in both manage cost form and item cost price form





10. Retro Activity for Subsidiary Company

10.1. Introduction

This functionality will be used to post retroactivity transactions for the items in subsidiary company purchase orders

1. A new menu item needs to be created under **Inventory management ➔ Journals ➔ Item ➔ "Retroactivity for subsidiary company"**
2. This feature will function as the existing retroactivity.
3. The purchase order lines will be fetched from the customized table.
4. After posting of the retroactivity journal, the ARM price of the items should be updated.

Steps

Navigate to **Procurement and sourcing > Vendor rebates > Subsidiary company rebate agreements**

Click **New** and create a new Subsidiary company rebate agreement against an item (**0500**) and vendor (**0400**) with Rebate Program Type = **SUBS_RETRO**

Validate the rebate agreement.

Import a subsidiary PO for the company(USMF) against the vendor (0400) with item (0500).

Once the PO is imported successfully.

The record will get displayed on the **Accounts payable > Purchase orders > Subsidiary company purchase orders. Customised table.**

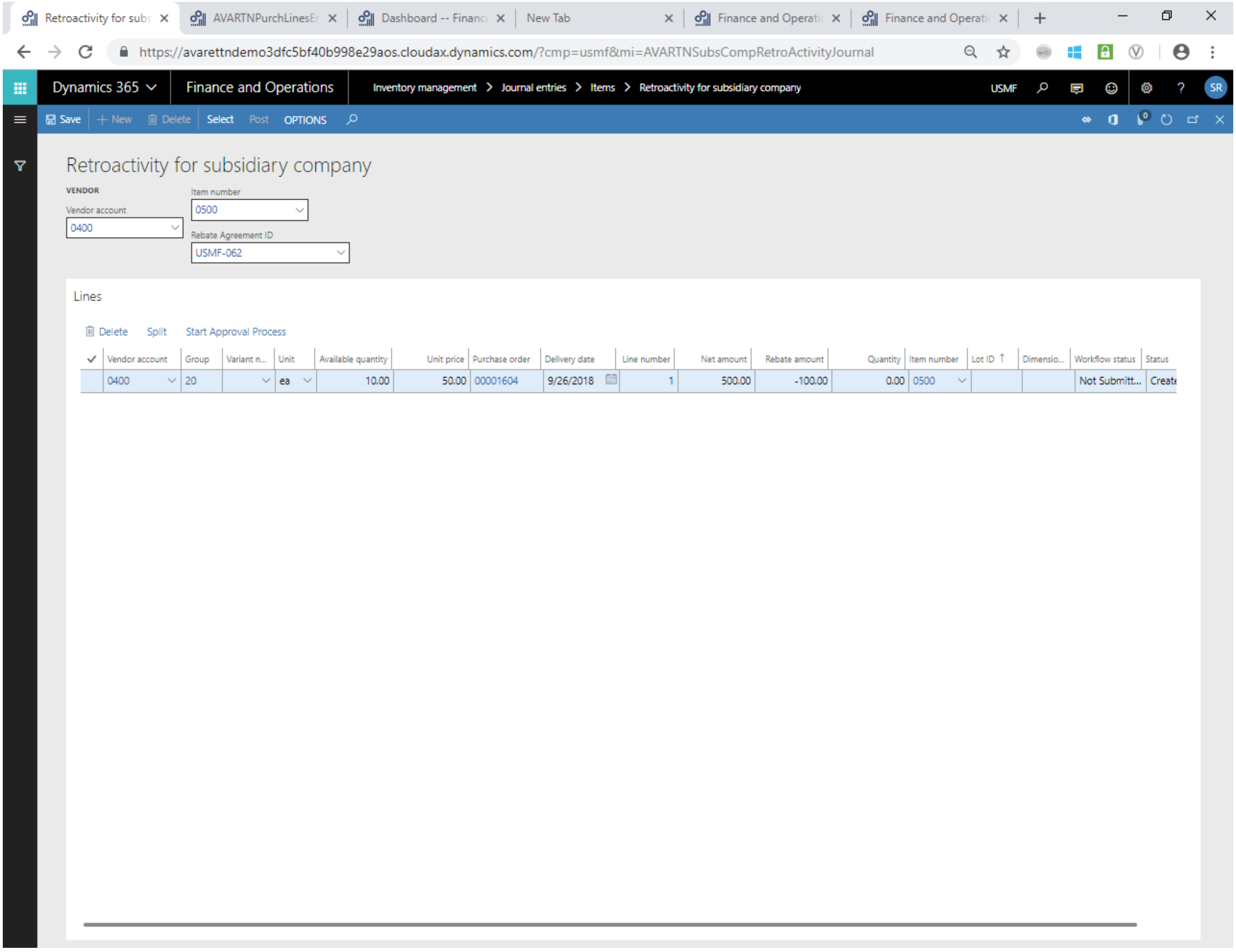
Now Navigate to **Inventory management >Journal entries >Items >Retroactivity for subsidiary company**

10.2. Query to filter the eligible Purchase order

Click on the select button on action pane

On filtering the header on Vendor, Item & Rebate agreement, the form will enable a filtering the Invoice Journal Filters.

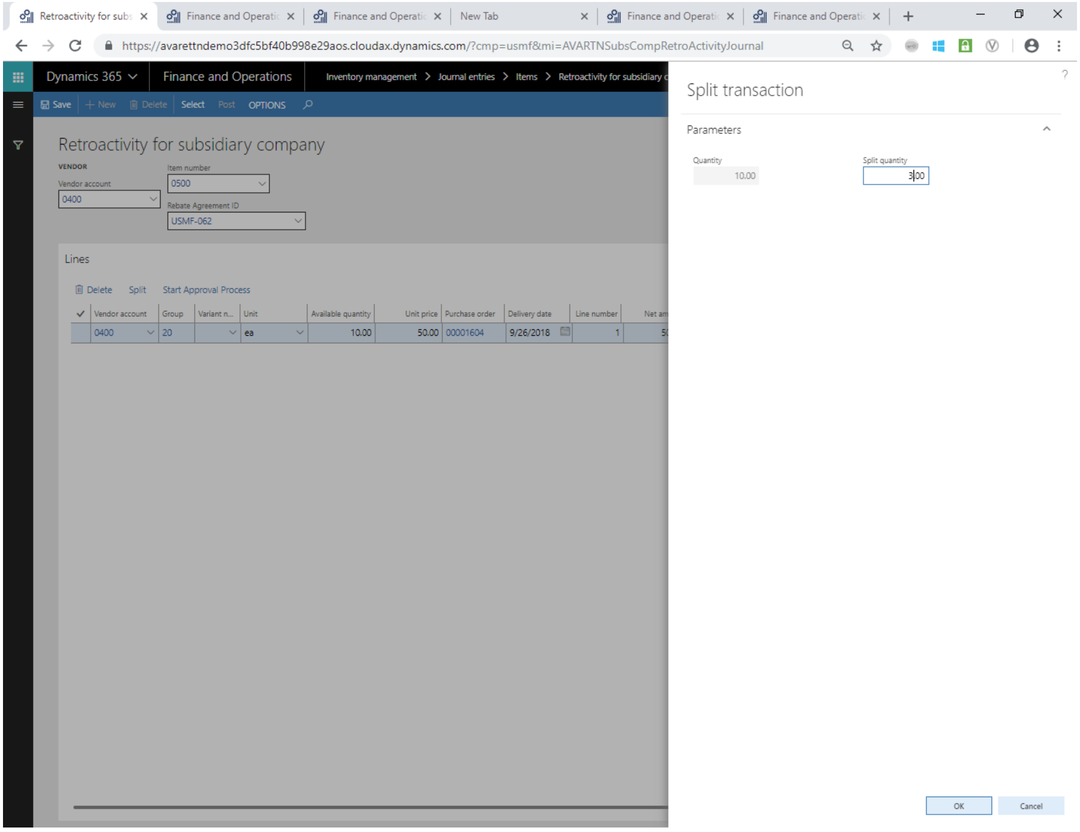
The query can be configured for a Batch/Routine. Journals are created and listed for the user selection from the batch.



10.3.Split

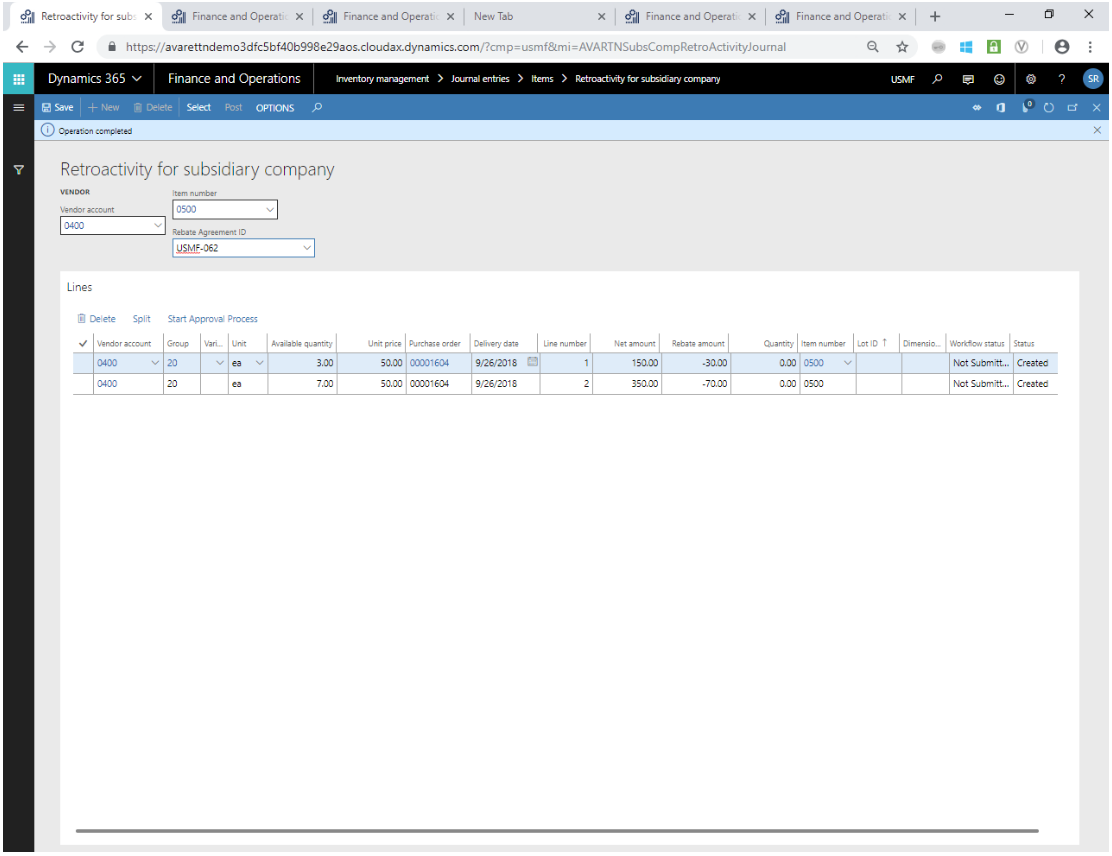
Select the record and click SPLIT.

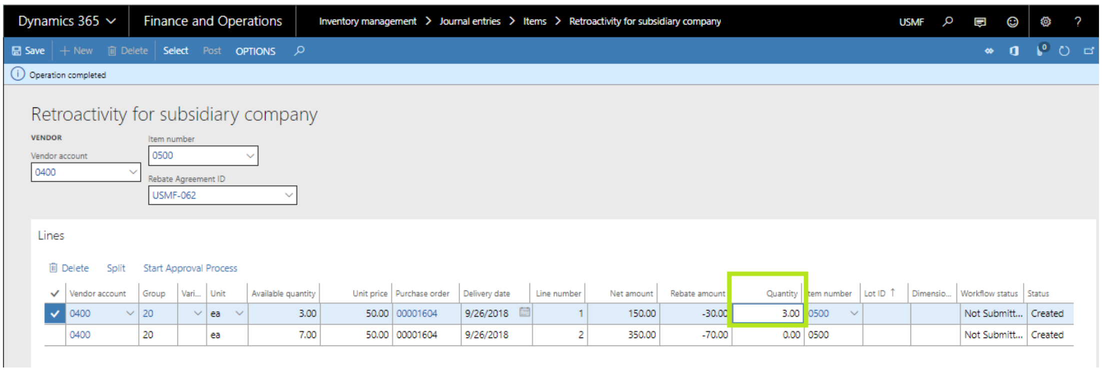
A window will be displayed. Enter the value on the split quantity field for e.g.3 and click ok.



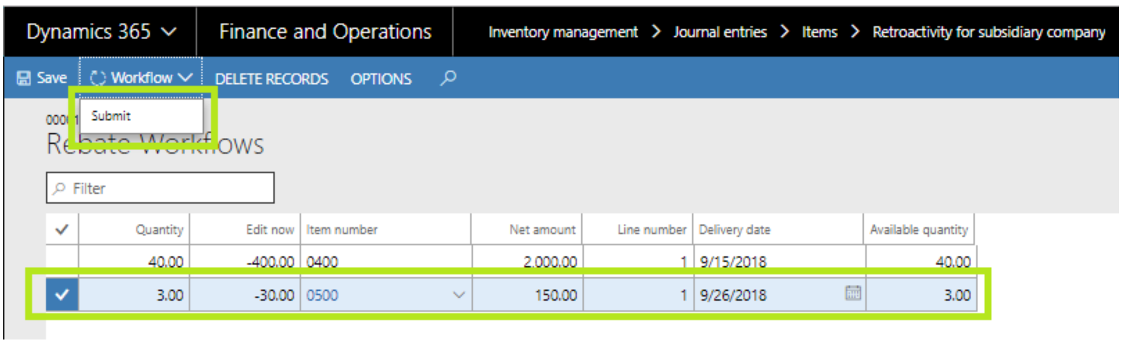
The record will get split into two-lines. Line 1 with 3 QTY and Line 2 with 7 QTY.

Start the approval process for line 1.



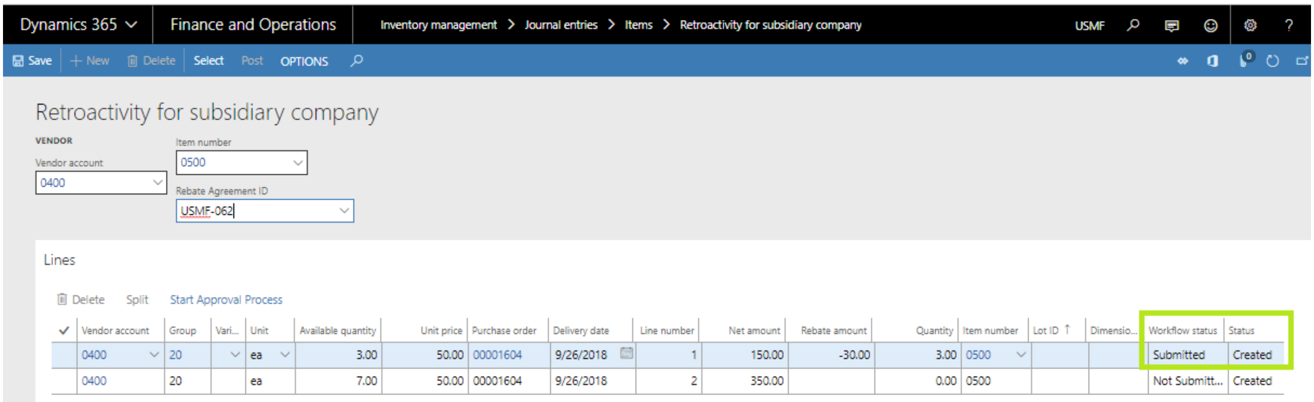


Select appropriate record from the rebate workflow form and submit the record.



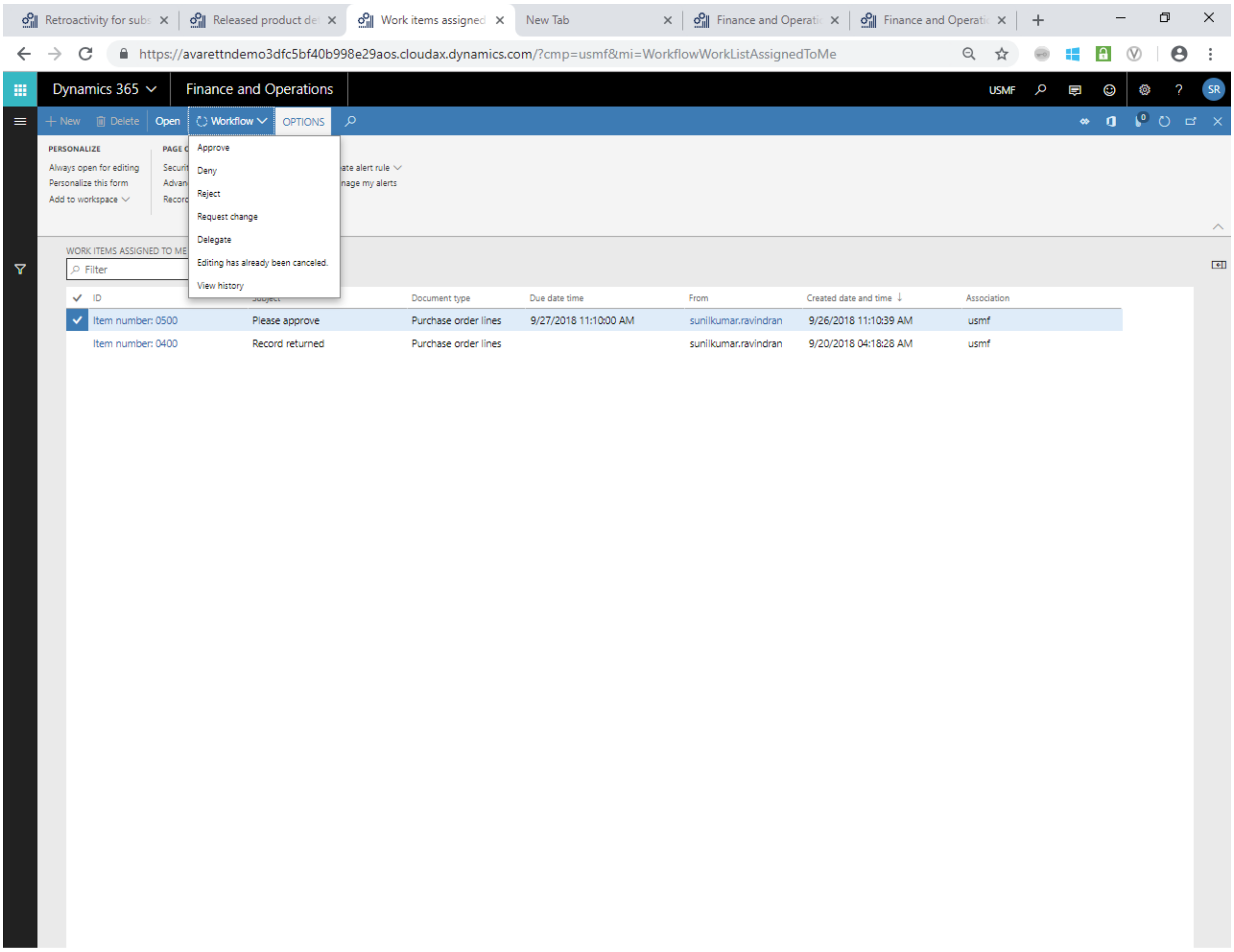
Record got submitted.

Verify, the workflow status gets updated to submitted.

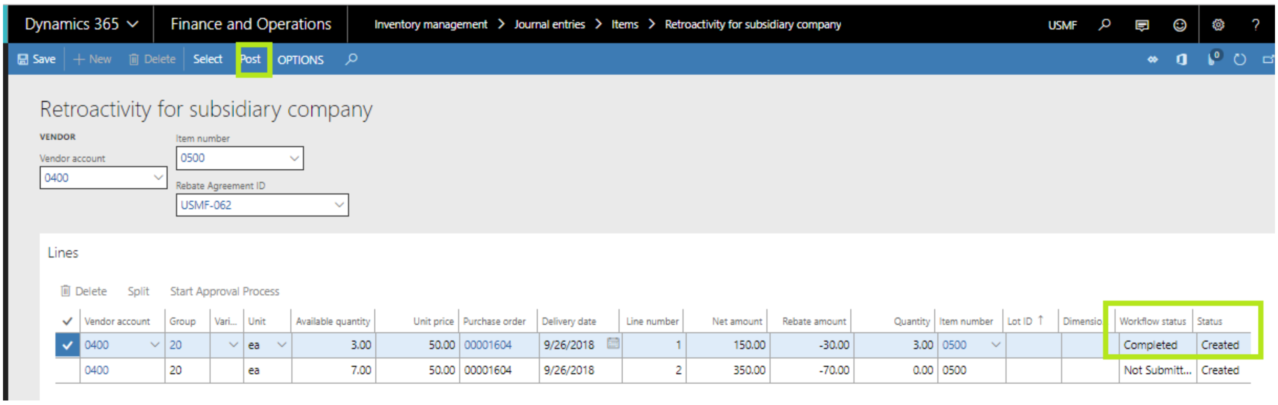


Since a workflow has been configured. User approves the record.

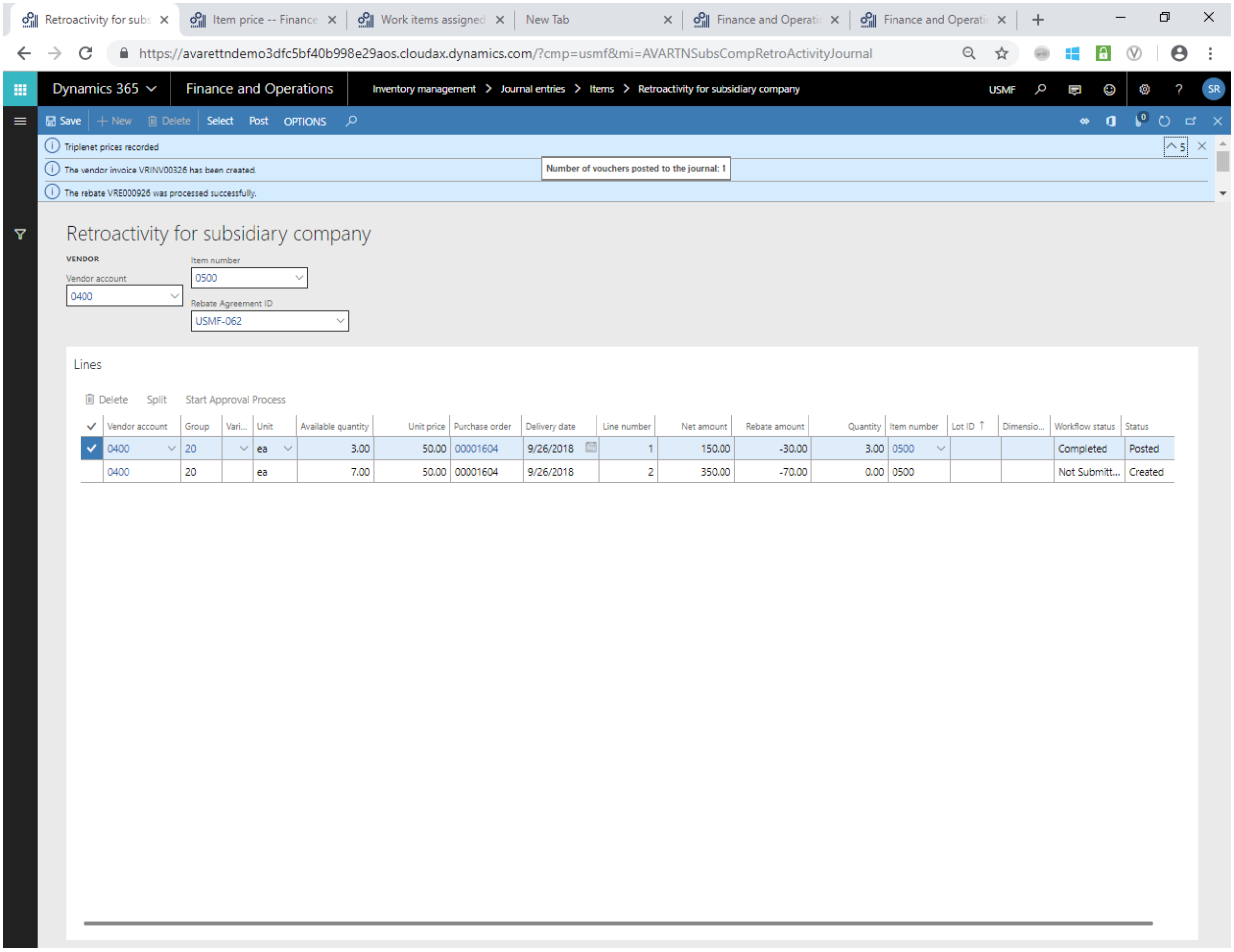
Click workflow and select approve.



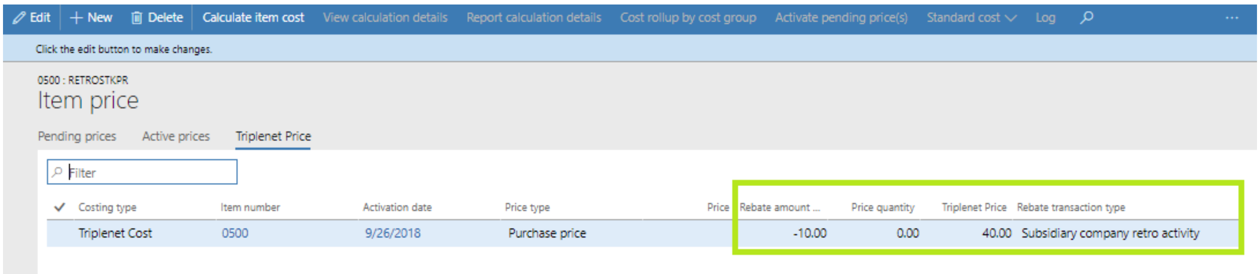
Workflow Status got updated to completed



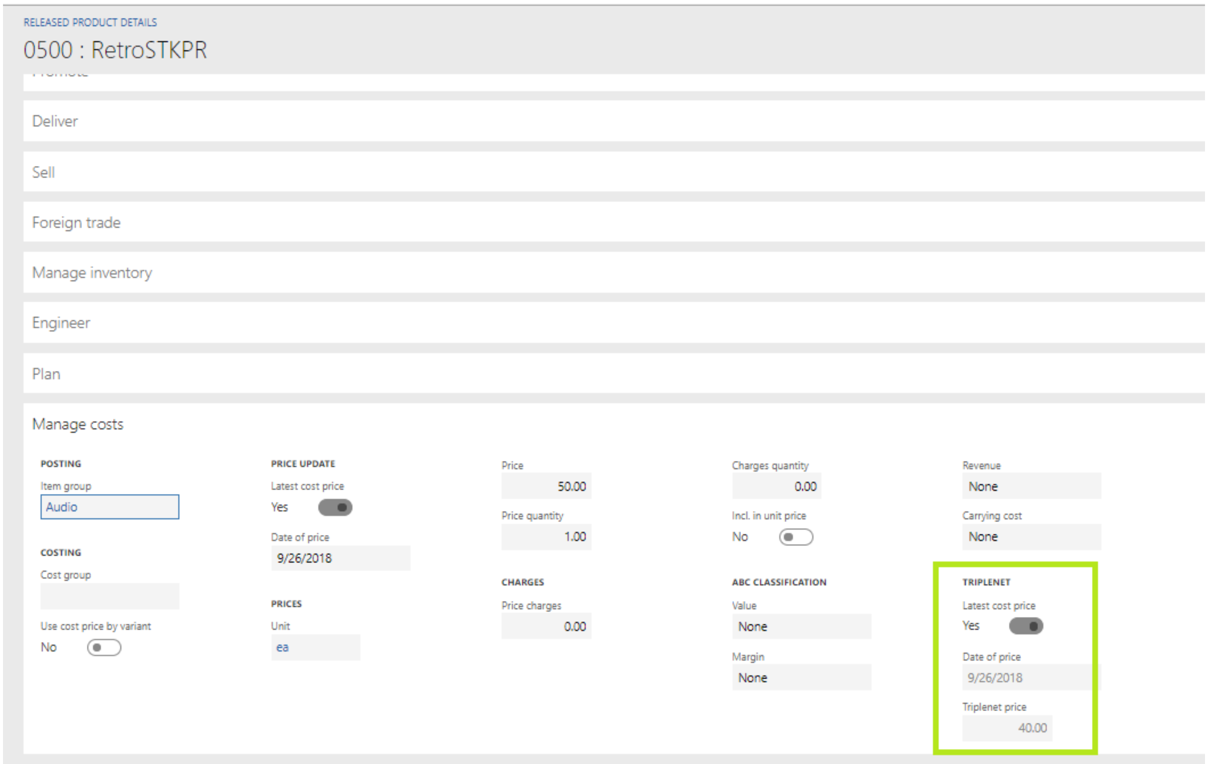
After Posting the record ARM price got recorded



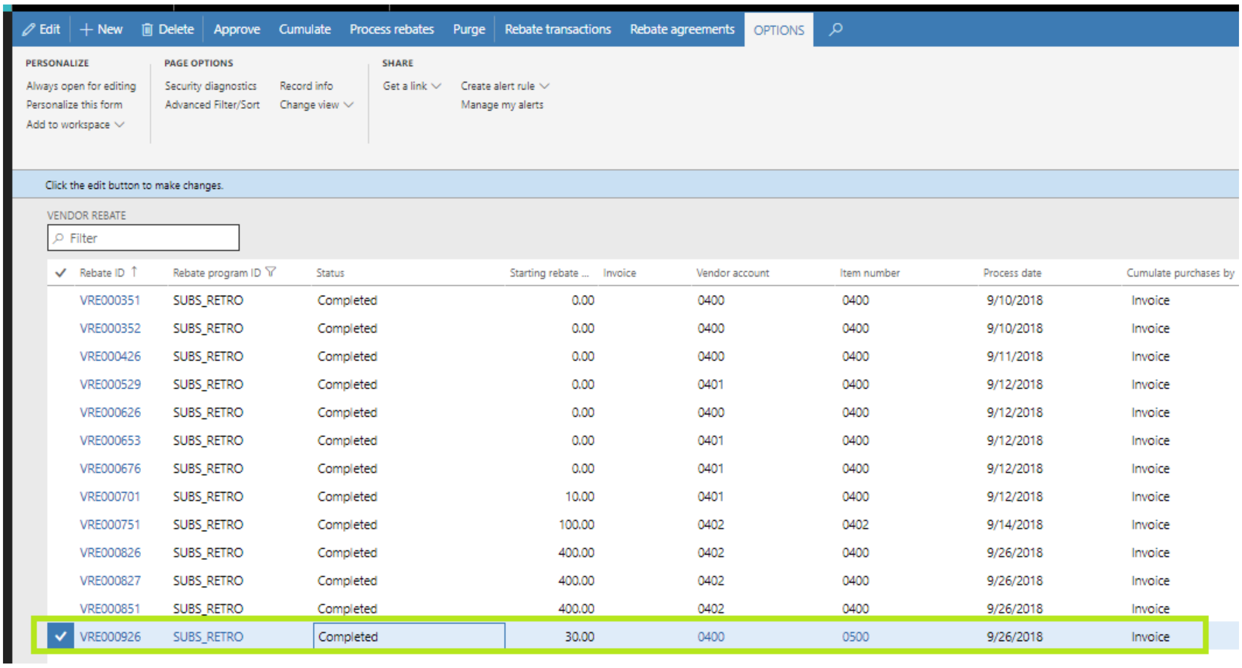
ARM Price got recorded against the item in the item cost objects form



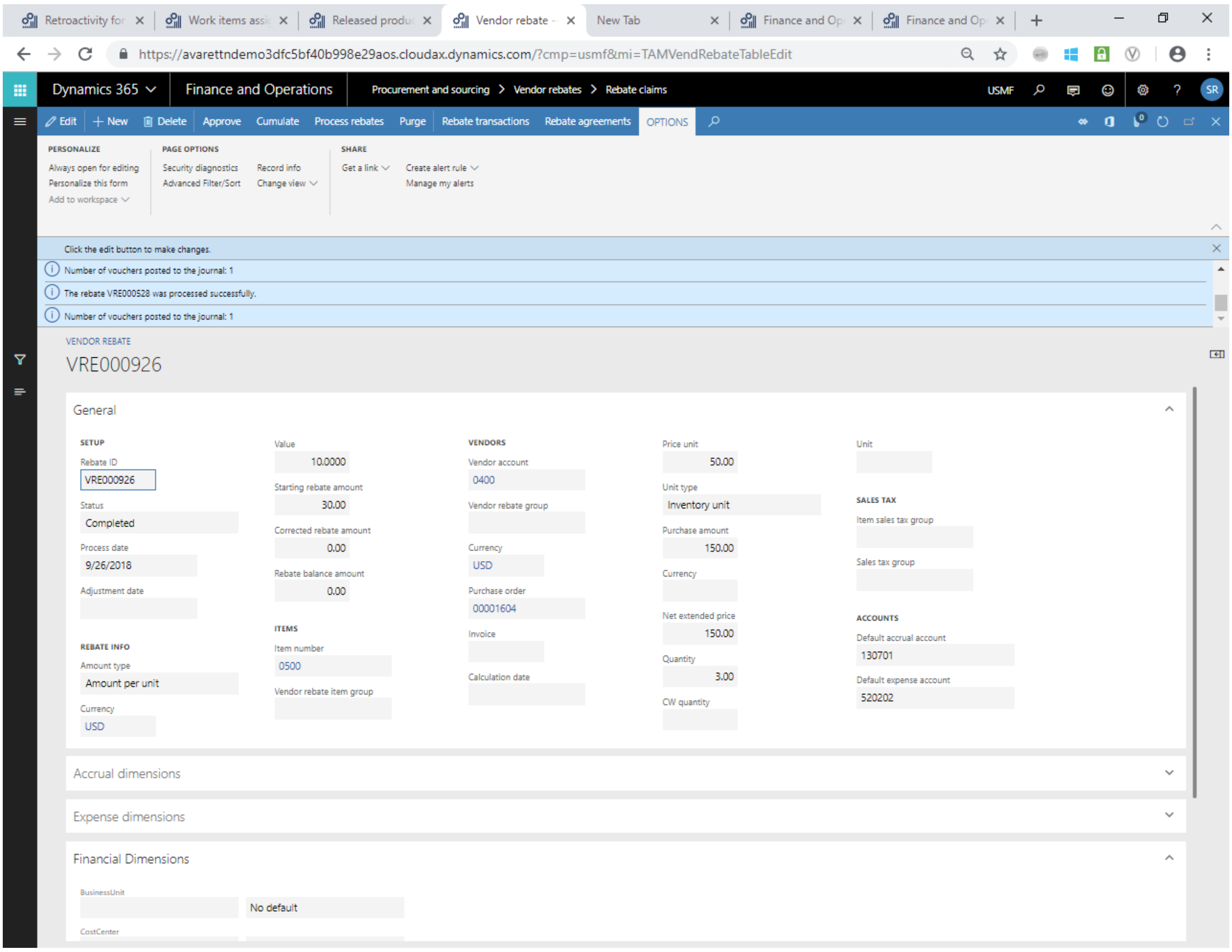
And it's also updated on the manage cost ARM field.



Verified, Record got inserted in the rebate claim form



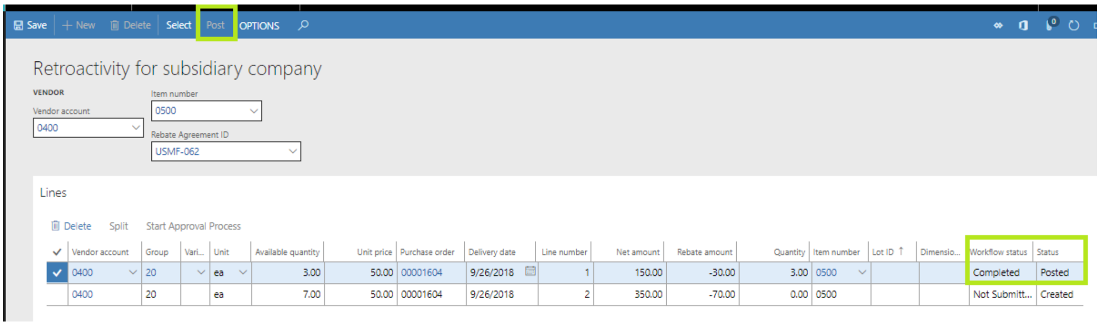
Approved the rebate

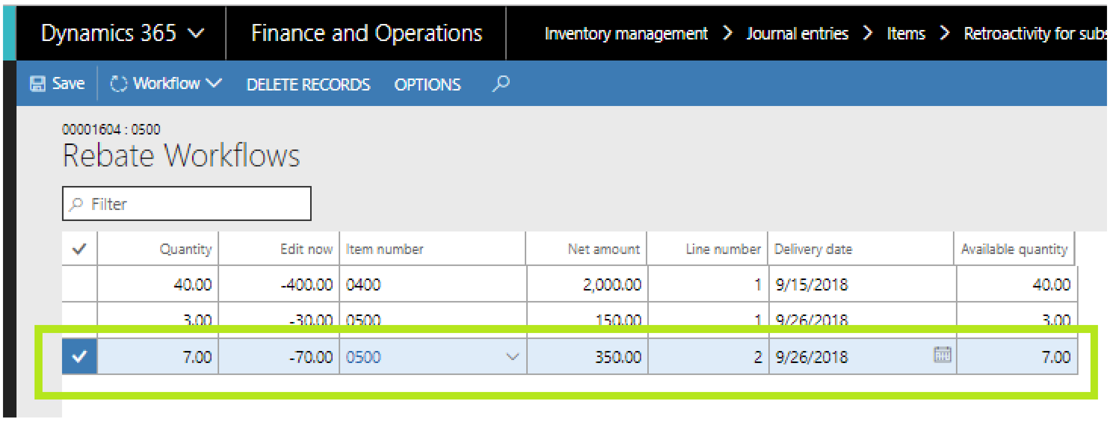


Verified, Post button is disabled for the records where status = Posted.

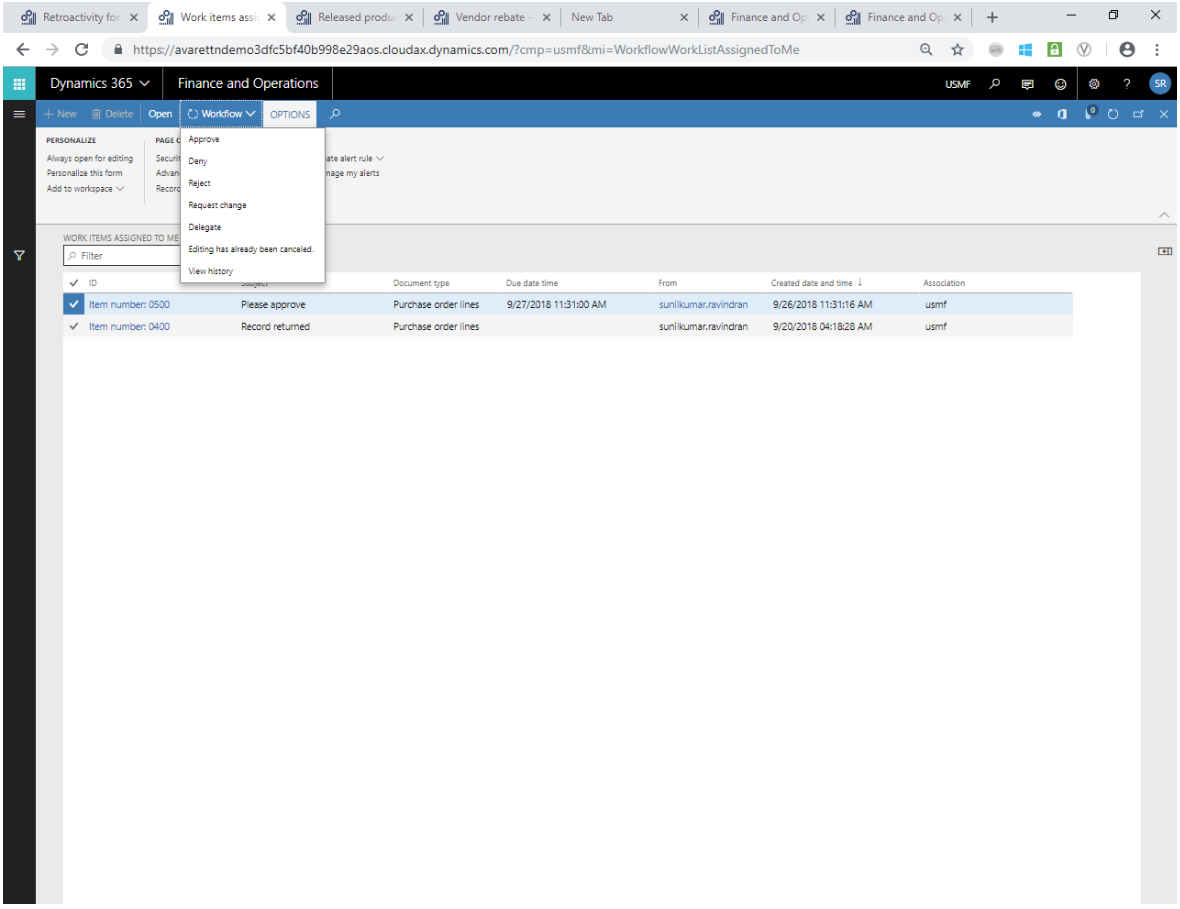
To ensure whether operator able to post the remaining 7 qty.

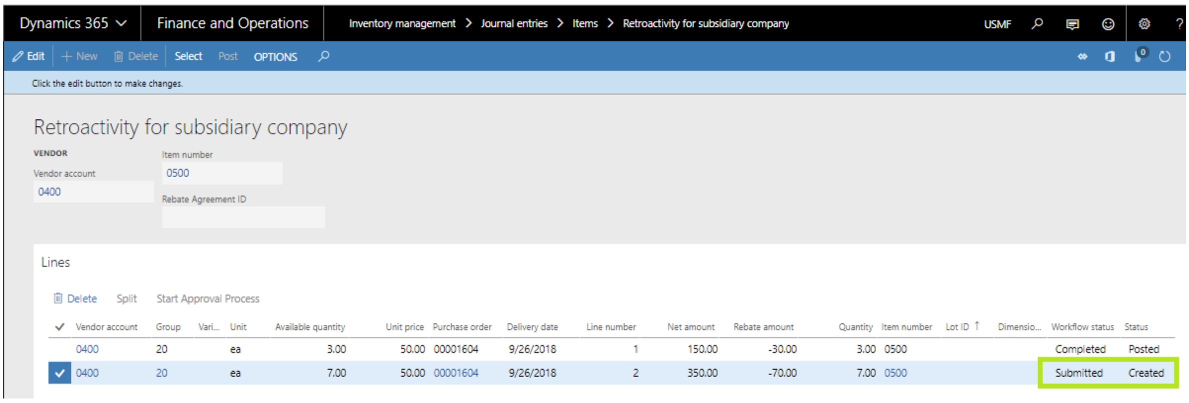
Click on the second line and select start approval.



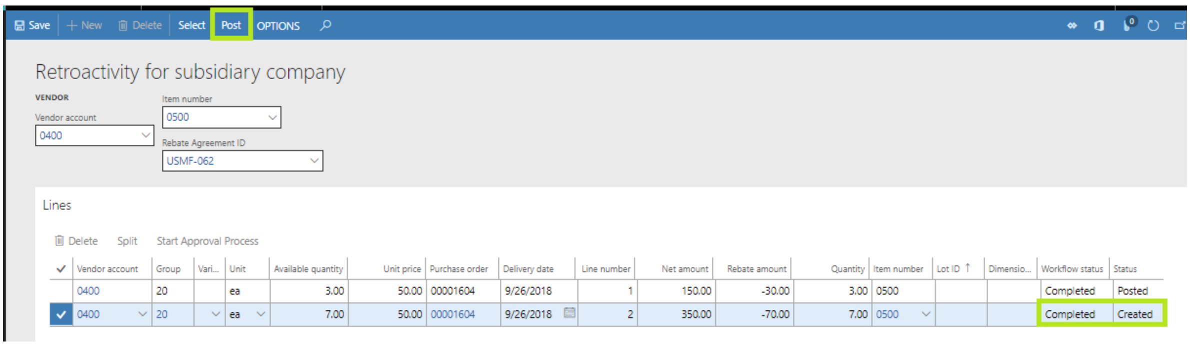


Click workflow and Approve the record

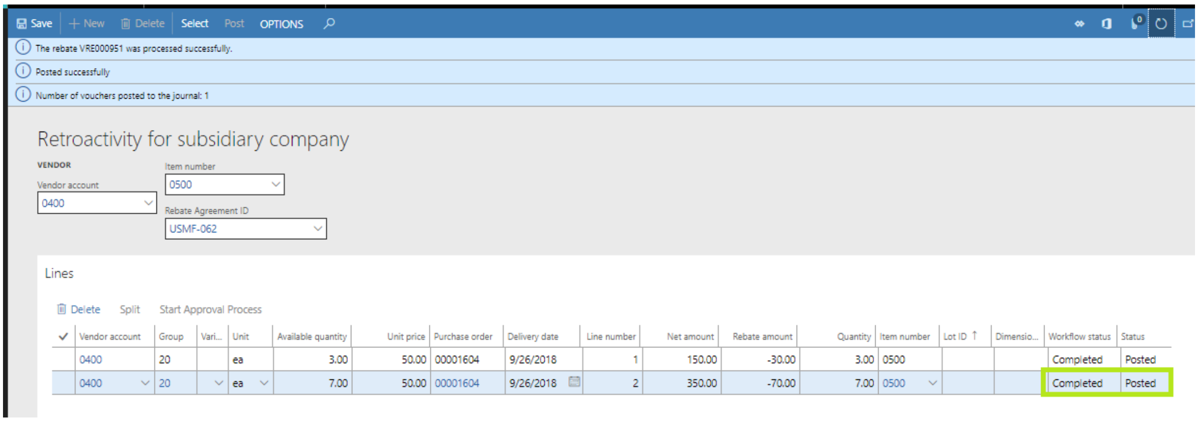




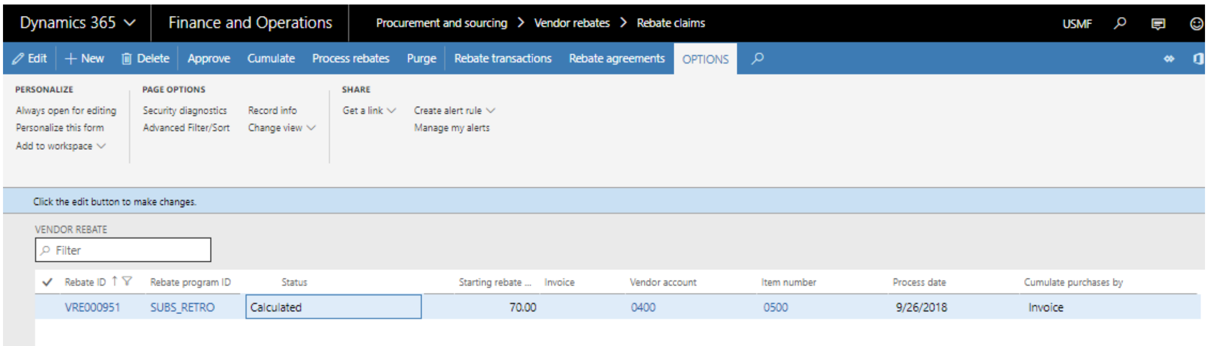
Work flow status got updated to completed



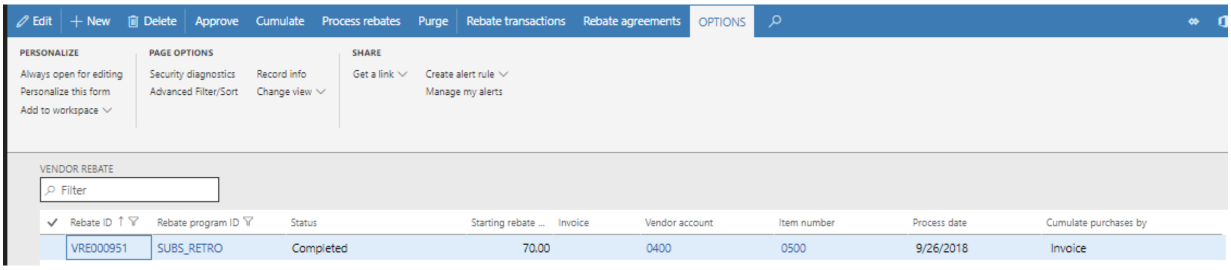
Selected the line 2 and click POST button and status got updated to POSTED



Rebate Claim Process – Rebate claim Id has been created for the second line with correct rebate amount in the rebate claim form.



Approved and processed the rebate and status got updated to **Completed**.



11.Contract Management

Contract Management is agreed contract with the Vendor to provide rebate on sales of a item. This can be achieved by customizing the Broker contract in D365. Through broker contract liability will created during the claim process but this should be customized to post as credit note to the vendor.

Let us understand this with an example:

Vendor agrees for a rebate for 100$ for sale of each quantity. This can be achieved through the broker contract. The agreement will be created as a broker contract in D365 with the following information

Broker contract ID: Unique contract ID for each agreement

Status: Status for the contract. Only the approved contract is eligible to be applied in sales order

Vendor account: Account to which the credit notes to be created for the contract amount.

Validity Date: Validity of the contract

A new field needs to be added to classify this as Contract Management.

New Field: Is Contract Management (Check box)

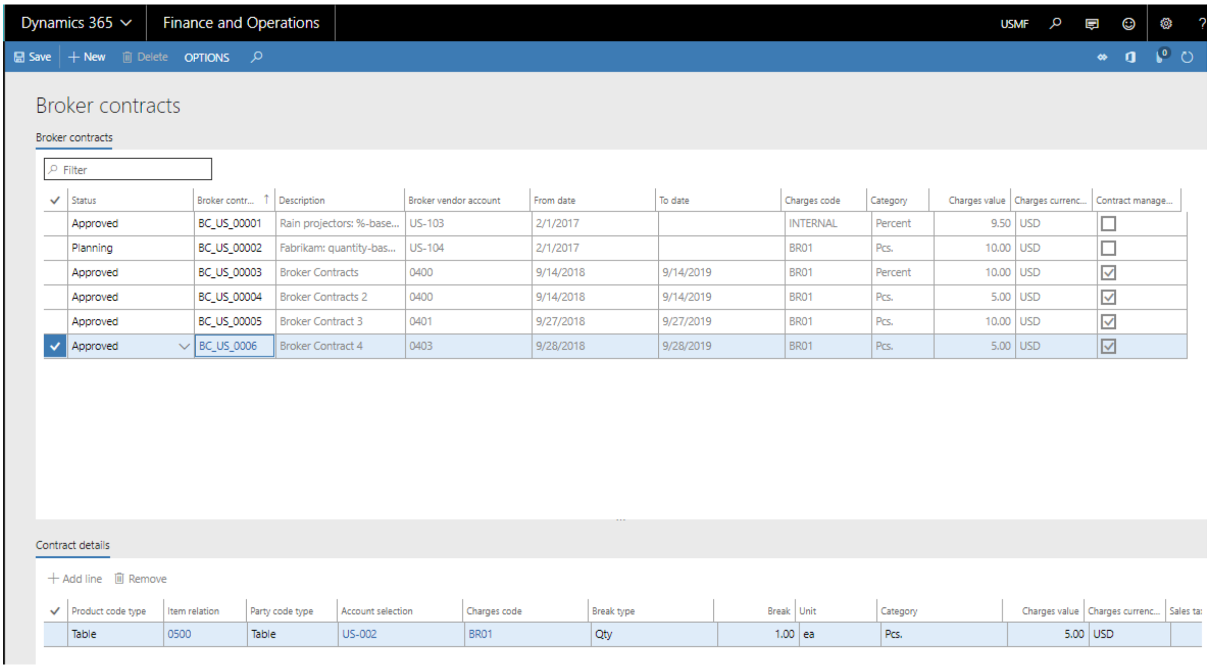
In the Lines form

Product code type: Contract can be for Item, Group or All items

Item Selection: Select the item number or group

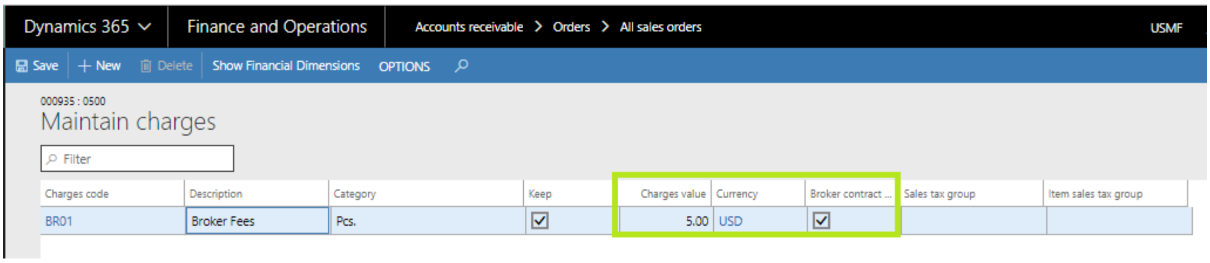
Break: Specify the quantity or value for which the rebate is eligible

Charge Value: Agreed per unit rebate value.



11.1. Contract Management in Sales order

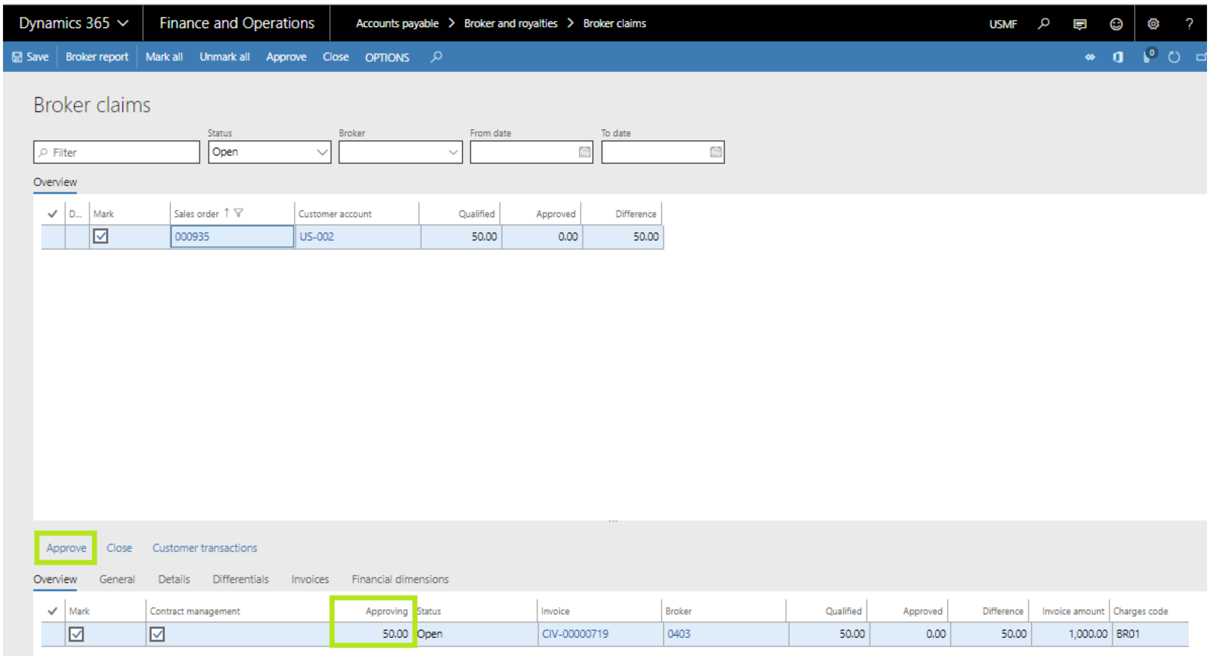
The eligible sales orders will have a charge code attached with it as per the agreement. The 'Broker contract fee' will be marked as True in the charge code. We need to add a new field to identify the charge codes for contract management. This new field should consider the value from 'Broker Agreement' form to determine the type of the charge code.



11.2. Broker Claims

After posting sales invoice, the claim will be created in Broker claim form.

Navigate - Accounts payable > Broker and royalties > Broker claims

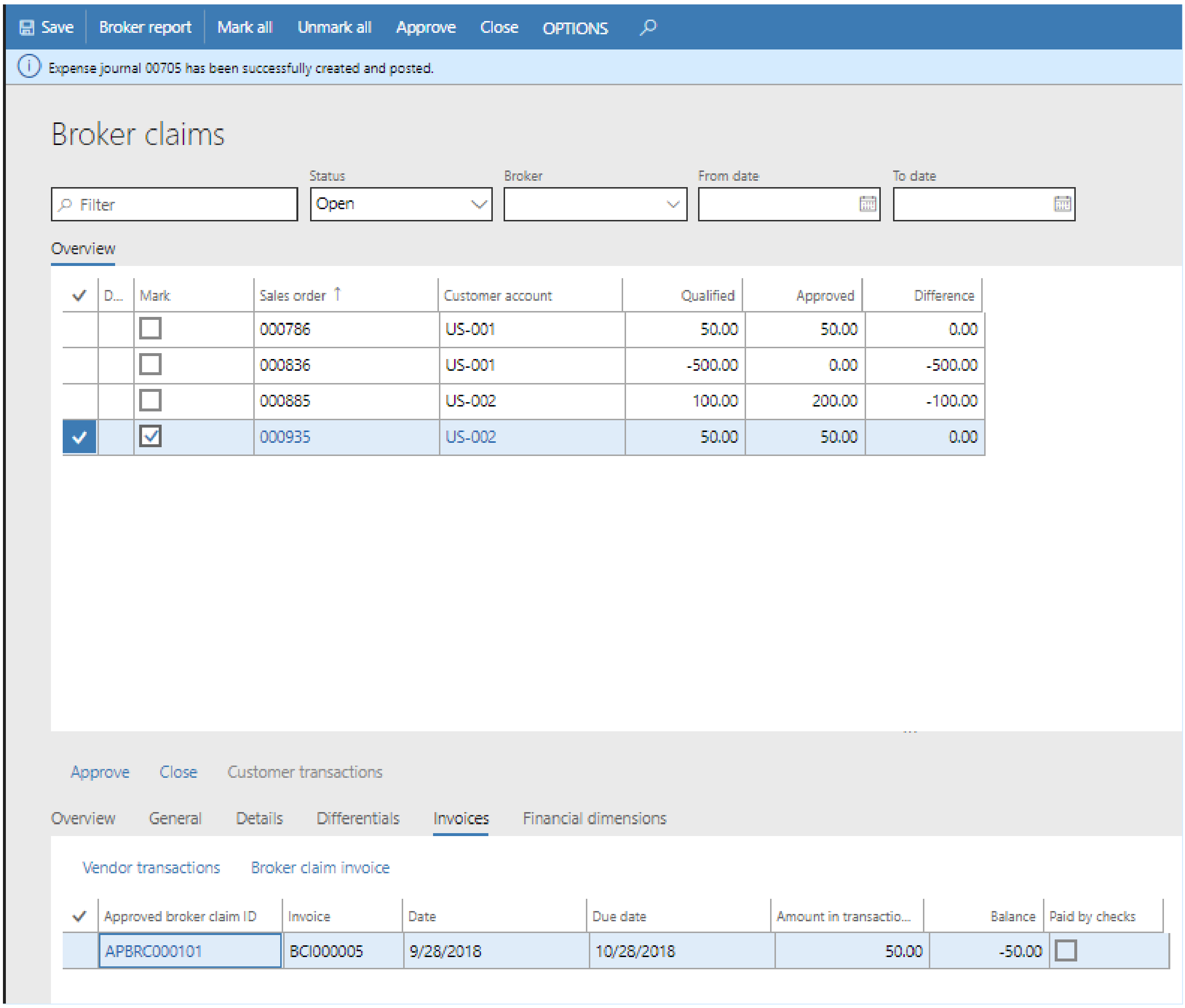


Click Approve and an info-log will be displayed with message **Expense journal 00705 has been successfully created and posted.**

Close the info-log

Click the invoice tab on the lower portion of the form.

Here Details of the journal posted can be viewed here.



12.Inventory and Storage dimension wise ARM Price

12.1Introduction

This functionality will be used to set ARM Cost Price against an item w.r.t to Inventory and storage dimension.

12.2Item creation and configuration setup

Created an item (0508) with product sub-type = Product master.

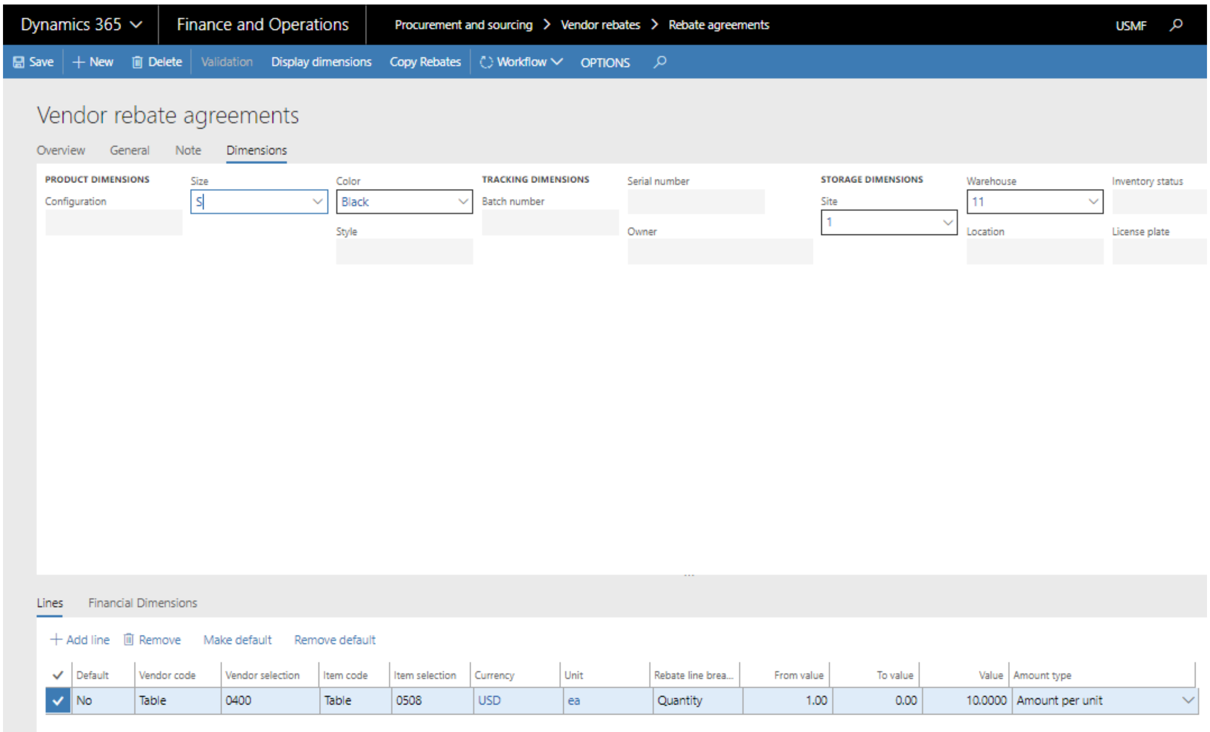
Created some variants against the item. (Dimension group=size and colour).

Released the product to Legal entity USMF along with variants.

In Manage cost fast tab enabled the ARM latest cost price slider = Yes and use cost price by variant slider = Yes.

12.3. Rebate Agreement

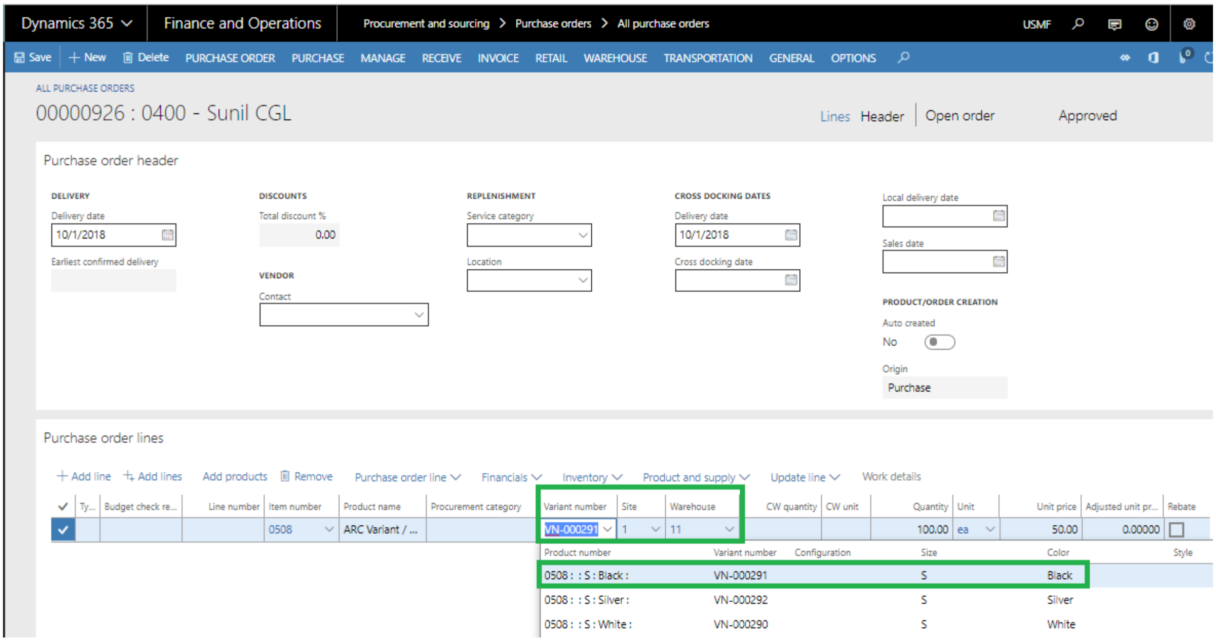
Created a Rebate agreement against a vendor (0400) and item 0508. Under Dimension tab selected the variant and storage dimension group (Site – 1 WH-11 Size – S and Colour – Black).



This ensures that rebate agreement is valid only for the item variant.

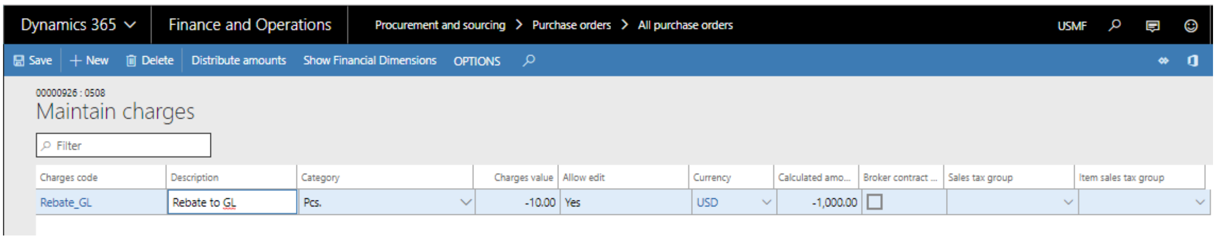
12.4. Purchase order creation

As per the rebate agreement condition, Created a PO for the vendor and for the item variant.



Confirm the PO and Rebate gets calculated automatically as per the agreement.

The rebate amount can be viewed on the Financial > Maintain charges form.

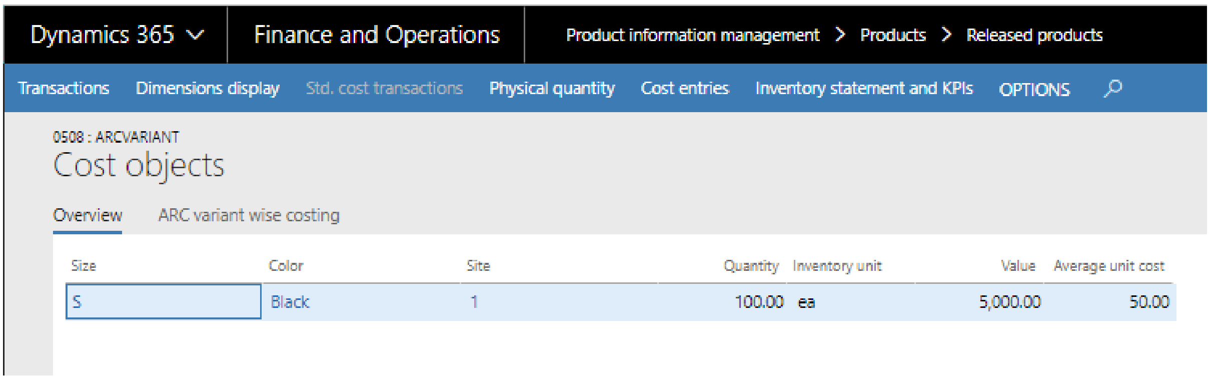


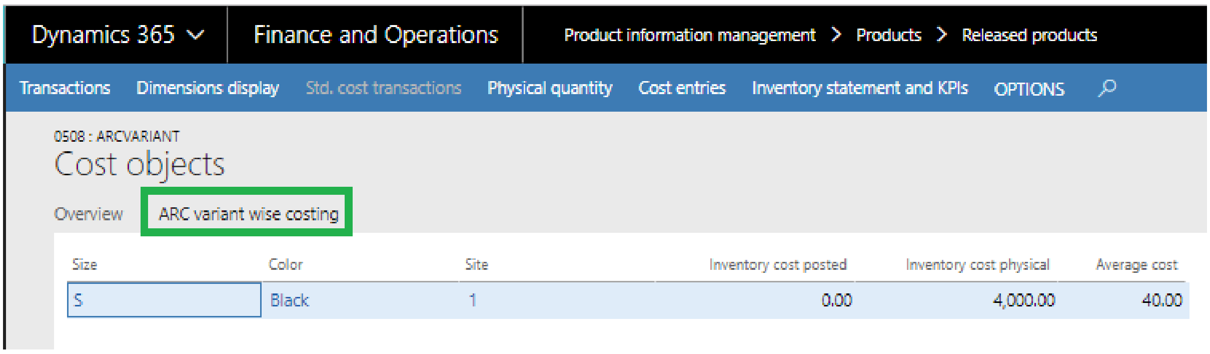
Also, Rebate checkbox will be checked against the PO Lines.

Once the product receipt has been generated for the PO.

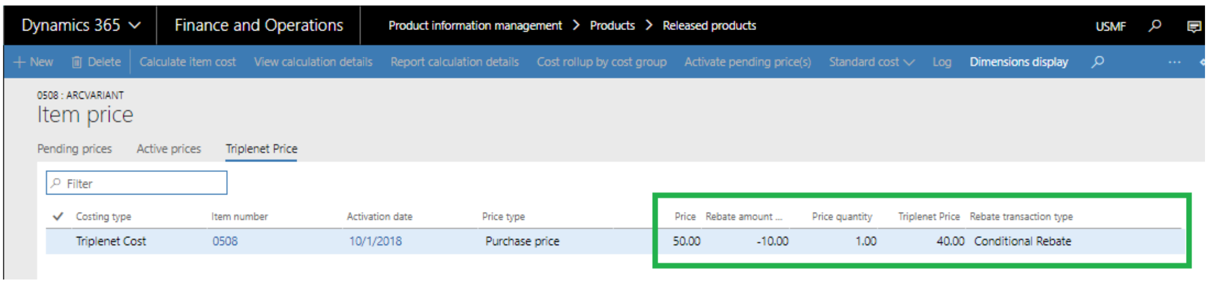
12.5.ARC Variant Wise Costing

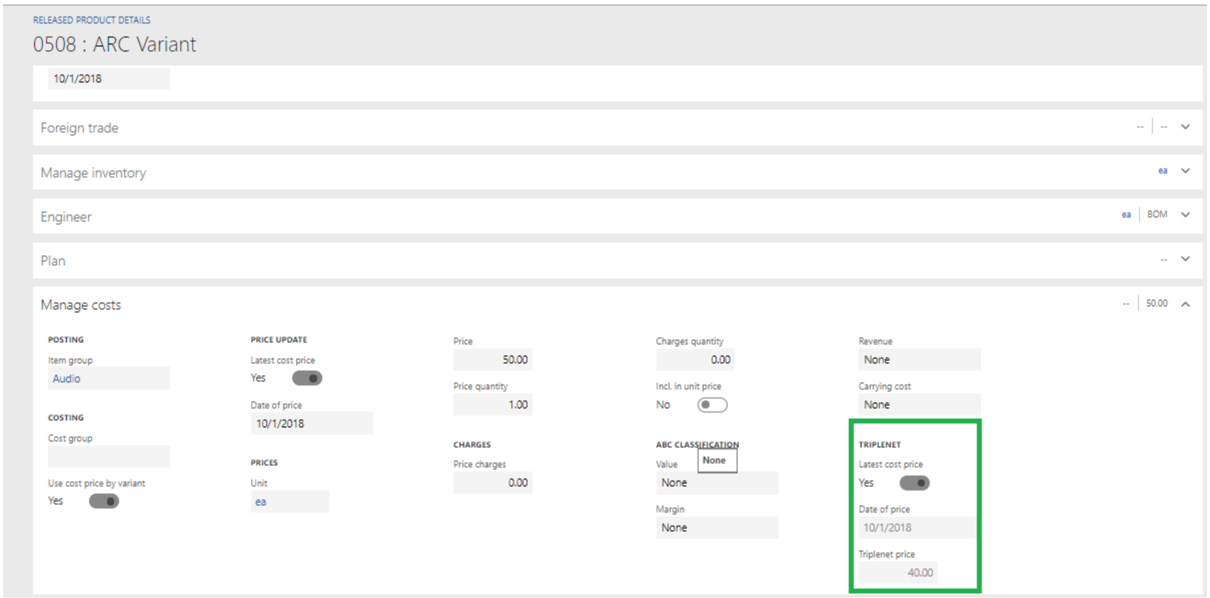
Inventory cost physical and average cost field will get updated against the item and that can be seen under the items action pane **manage cost > Cost objects > ARC Variant wise costing tab.**





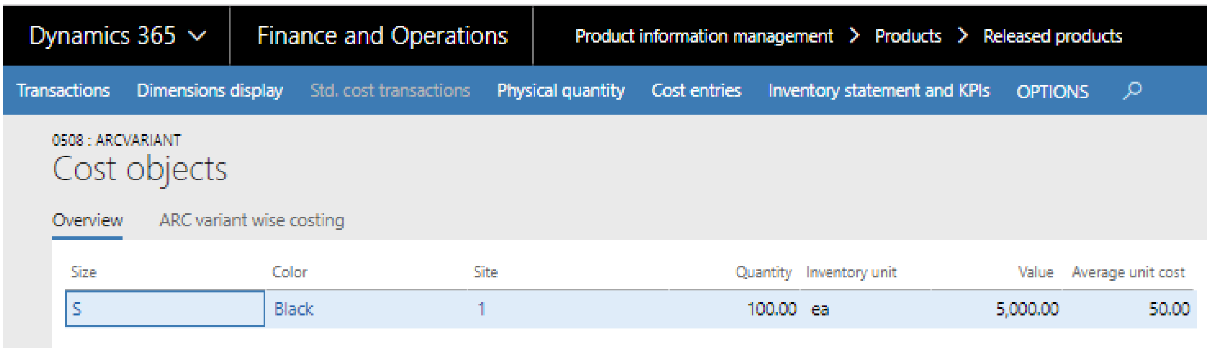
Now invoice the PO. PO status gets updated to invoiced and ARM Price gets recorded against the item.





Also, ARC Variant Wise costing tab. Inventory cost posted and Average cost against the item will get updated.

Overview tab



ARC Variant Wise Costing tab