

# WITH 4BRANDS REPLY, ZENTIS STREAMLINES PRICING MODELS TO ENHANCE SALES AND FINANCIAL FUNCTIONS

Zentis achieves automation and transparency to better calculate pricing models for customers. Complex pricing models were creating excessive work and complexity for the sales and account teams at Zentis, driving it to identify an optimised IT solution. SAP Business Warehouse provides a homogeneous database that simulates conditional scenarios to support Zentis in planning pricing models with its clients.

## THE CLIENT

Zentis is a company with a heritage. Founded in Aachen in 1893 and still owned by the same family today, Zentis is one of Europe's leading fruit processing companies and a high - performing and innovative partner for the processing industry. Zentis is currently number two in Germany for jams and bread spreads. One of Zentis' specialities is its innovative developments for the dairy industry, such as stable cereals for yoghurts. Zentis employs 1,300 people at its main facility in Aachen, as well as 585 others in branches in Poland, Hungary, Russia, the United States and China.



## THE CHALLENGE

Of the three markets supplied by Zentis, retail is by far the most difficult – at least in terms of price and condition management. This is because, in this sector, the basic price is very different from the final price paid by the customer and had reached its most complex iteration. Sales employees working in the retail sector are faced with having to juggle variable compensation in percentages, fixed promotional amounts, fixed anniversary supplements and many other conditions. To make things more difficult, such agreements are not only concluded with a food supplier's central office, but also with subsidiary and regional companies.

The current system means that food suppliers first pay the price stated on the invoice and then claim their credit notes from Zentis for further compensation. Then Zentis'

financial accounting department must establish provisions for the expected “reductions in earnings”. Financial control faces different problems, such as how much margin can it make on an item?” states Dirk Vonhoegen, from Zentis’ sales department, explaining the issue arising from the complex price and condition structure. Determining this value requires the availability of precise information from sales about the agreements in place with its customers, while all reductions in earnings must be distributed to individual items. This presents a particular challenge when the client receives a fixed amount and this must be divided amongst the individual items.

## NOT PRECISE ENOUGH

In the past, Zentis used various SAP modules (FI, SD, CO), Microsoft Access and Microsoft Excel for its administration – a complex and error - prone solution. Regardless of whether or not someone noted incorrect figures by mistake or a sales employee calculated an invoice using a different formula, there was a need for extensive reconciliation between departments in order to ensure consistent data. Price and sales planning required just as much time and effort to deal with the “insufficient precision”, as Project Manager Stephan Biermann from Zentis puts it. He summarises the initial situation prior to the beginning of the IT project in a single sentence: “Our calculated double net prices were great, but the effort needed to calculate them was much too great. In addition, we did not have enough transparency about the detailed figures!”.

## SINGLE SOURCE OF TRUTH

Zentis decided that a shared database, comprising a single source for sales, financial control and accounting would help to resolve the situation. This would also create complete transparency in scoping and structuring the conditions to simplify sales



planning, from mid-term planning to annual planning; forecasting and rolling planning. Furthermore, the Zentis team wanted conditions with various reference values, validity periods or base units to be represented. It wanted to be able to access data at various customer levels and item hierarchy – with heritage and aggregation logic at every level. Additionally, the key account managers were given an easy-to-use and quick calculation tool to simulate condition scenarios on the basis of actual amounts, prices and conditions, taking into account trade margins and profit contributions,” concludes the Zentis project manager.

Zentis brought IT specialists 4brands Reply on board to develop this database and series of tools. Initial workshops at which the financial control, accounting and sales teams were all represented determined not only the different requirements, but also certain boundaries. “The previous system that had developed over many years could not be quickly streamlined and unified,” recalled Biermann. “The non - homogenous structure needed to be clearly represented in the new solution,” he says, explaining one important demand set by Zentis for the IT solution.

Even though Zentis had established the replacement of its own Access database as the first goal, 4brands Reply was able to encourage managers from financial control that it made sense to first implement the SAP Business Warehouse. This allowed the basic precondition for the realisation of all the other goals to be established. On the basis of the SAP BW, the Reply team first tackled sales planning as well as reporting on the topic of CO - PA financial statements. Data was extracted from CO - PA and transferred to the SAP BW system. The introduction of the sales plans and reporting in SAP BW has now been completed. Dirk Vonhoegen happily reports: "The reporting tool was a massive success and immediately won everyone over. The sales controller says that the new BW solution has 'significantly simplified work'. Reports can be created flexibly and quickly – much better than it used to be with CO - PA".

The next step in the project implementation was the replacement of the old Access database, into which Zentis sales employees were previously obliged to enter all reductions in earnings. As soon as this was completed there were finally no more differences between sales and financial control. The shared database for financial control, accounting and sales has been extensively tested. "We expect its influence to be incredible," admits Vonhoegen. After all, he wants to use the time won through the shared consistent database to make further analyses which go even deeper.

## SIMULATION IN EXCEL ON THE BASIS OF SAP BW

Steffi Döbbelin from 4brands Reply considers the simulation tool, which has not yet been implemented but has already distinguished itself in testing, to be a further highlight.



Zentis' old Excel planning file was reaching its limits but all of its users wanted to continue working in an improved Excel environment. 4brands Reply decided to take a daring step – to develop a specific condition planning solution for Zentis and integrate it into SAP BW with an Excel interface. As a result, the sales team can now answer all sorts of conditional scenarios, such as "What would happen if I used this item price?" or "What trade margin does this calculation offer the client?".

The previous Excel application generally only simulated item groups because the manual preparation of the previous Excel solution was very time - intensive. Now Zentis employees are able to carry out the simulation at every level of the item hierarchy – all the way down to individual items. Finally, the speed and functionality of the new simulation solution offers entirely new opportunities. A sales employee sitting with a client can now calculate nearly every logical option both backwards and forwards. "This allows a key account manager to optimally prepare for planning meetings, show off their consulting expertise to clients and offer a range of options," explains Döbbelin.

## PROJECT SUCCESSFULLY SOLVED

Even if a few requests could not be met due to the complexity of condition management in the retail trade and for Zentis, Stephan Biermann is very pleased with what has been achieved thus far. He had not, however, reckoned with the high training requirements resulting from the transfer of certain financial accounting tasks to Sales. Even with the authorisation concept and the IT - supported workflow control, according to Biermann pragmatic solutions were required, which the project manager thinks is better than simply "going by the book". Something else that cannot be further automated is the "assessment of the financial effects of condition changes," as Biermann puts it. "Thanks to the optimised simulation tool, however, it is much easier to predict which measures will have which effects," explains a Zentis employee regarding how the new tool helps to limit the consequences of a change.

When asked about the success factors for the IT project, Dirk Vonhoegen does not have to think for very long: "We fully applied our business management knowledge and 4brands Reply added its extensive technical know - how and great experience in implementation to the mix. As you can see, it's been already been a great success and we expect to see much more as Zentis uses its new, enhanced IT system to support its goals".



**4brands Reply** is the industry expert for the consumer goods industry in the Reply network. At 4brands Reply we help companies in the consumer goods industry to design their individual digital transformation processes using innovative IT technologies. The starting point for our approach is the consumer and his customer journey, which is used to align the entire value creation chain of the company. Our offer consists of process consulting and system integration for three core areas: Consumer Engagement, Sales Excellence and Demand Driven Supply Chain. Thanks to the Reply network, we can provide holistic support in all areas of your transformation process – from the digital design of the customer experience to the IT strategy and final implementation.