

CASE STUDY

SAP ABAP DEVELOPMENT FOR A LEADING MEDIA ORGANIZATION TO HANDLE SPONSORSHIPS



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ABOUT CLIENT

The client is a well-renowned media organization selling over 40+ publications in print and digital. Their flagship newspaper particularly has amassed a readership of about 20 million.

BUSINESS NEED

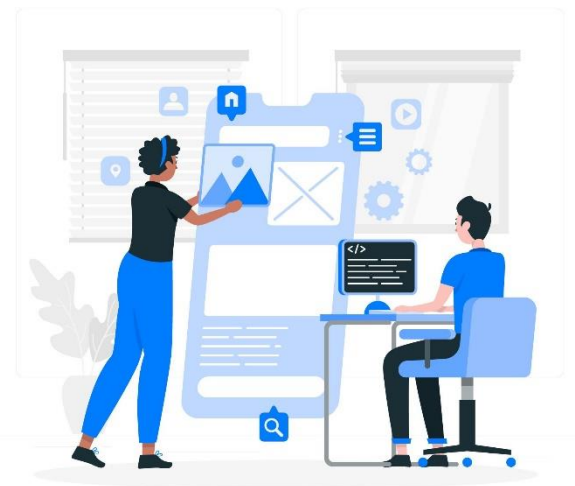
The client has products like yearbooks and diaries with a longer shelf life and higher production cost. They would produce the stock based on speculated figures, but sales would only happen on demand which sometimes resulted in shortage and/or wastage. Given that there was no means to accept and encourage advance payments from dealers, the client faced the below challenges: –

- In credit sales, dealers freely placed orders for an excess volume of products that were returned to the client when unsold, with no surcharges or extra costs borne by the dealer.
- Dealers would place unexpected demand for products in bulk quantities which would challenge the client to supply to the sudden surge in demand.
- When demand would be less after production, the client would sell products with discounts and incur losses.
- Dealers defaulting payment after the credit sales would cause arrears.
- Dealers with spot payment would raise small orders based on customer demand resulting in higher delivery costs and fewer sales.

CCS SOLUTION

- CCS developed an advanced payment sales system with accumulated discount rates and integrated it into the standard sales cycle in the SAP Sales and Distribution (SAP SD) module.
 - Provided an option in the SAP FI receipts collection interface to accept advance payments from dealers. Such payments will be accounted for product-wise to advance special GL accounts, which will not be reflected in regular AR statements.
 - Integrated an additional screen to manage advance payments in the standard sales order creation option of SAP SD. While creating a sales order, the client will be given an option to specify whether the order is based on advance sales or credit sales, or spot payment. Trade discounts will be different for each payment mode.
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- In case of advance payments, the system will show the advance receipts in the client's advance account. Also, the system will propose a bifurcation of the total sales order value to adjust it against the advance receipts.
- Introduced a sales volume-based Trade Discount (TD) scheme in SAP SD pricing to help with advance payments. Built hierarchical scales on sales volume to ensure that Trade Discounts increase based on sales volume.
- If dealers place subsequent sale orders and their sales volume increases, they get promoted to a higher TD scale. This new TD rate will be applicable for the past orders, and the amount will be calculated with the differential TD rate for past orders. This is referred to as an accumulated trade discount and will get credited to the dealers' accounts.
- If there are returns from the dealer, the system will re-calculate and adjust the TD scale based on net sales volume. In such situations, the differential TD amount will get debited from the dealer. Hence, the dealer will qualify for a lower trade discount.
- For better visibility, provided options to help the client generate periodic account statements like advance receipts, sales, and returns based on payment, etc.
- Dealers with multiple branches and sub-offices are maintained as separate customers in the system for ease of delivery. Provided an option for the client to group such dealers so that the sales to specific customer codes will contribute to the total sales volume of that dealer, thus making them eligible for trade discounts based on scales.



BUSINESS BENEFITS

- The client was able to identify the market pulse for products with higher shelf value since they received a considerable percentage of advance payments for those products. This helped optimize their production planning and avoid excess production/shortage.
- Total sales volume increased as the dealers promoted the client's products to achieve higher trade discounts. Unsold claims also decreased.
- The risk of unrecoverable arrears decreased as many dealers opted to pay in advance.

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- Total profit for each product increased because of better production planning, higher volume of sales, lesser return percentages, customized discount rates, and low arrear rates.
 - Reduced the workload on the client's field staff and accounting staff considerably.
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