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How companies turn rebates, commissions and supplier incentives into profit engines

Settlement Management

Condition Contracts in SAP S/4HANA

What We'll Cover Today

1	**Key Concepts**	What is Settlement Management and how does it work?
2	**Business Volume**	The heartbeat of Condition Contracts
3	**Example 1: Sales Rebates**	Tiered customer bonuses in Food & Beverage
4	**Example 2: External Commissions**	Agent commissions in Industrial Machinery
5	**Example 3: Supplier Rebates**	Supplier incentives in Electronics Distribution
6	**Why It Matters**	Business advantages and the path forward

Quick Question for the Room

How do you handle rebates & commissions today?

Spreadsheets & manual calculations	Legacy ECC Rebate Agreements	Already using Settlement Management	What rebates? We need this!

KEY CONCEPTS

Settlement Management at a Glance

A centralized SAP S/4HANA solution for managing rebates, commissions, and incentives — replacing legacy rebate agreements with a modern, HANA-optimized approach.

Sales Rebates

Retroactive bonuses to customers based on volume thresholds

External Commissions

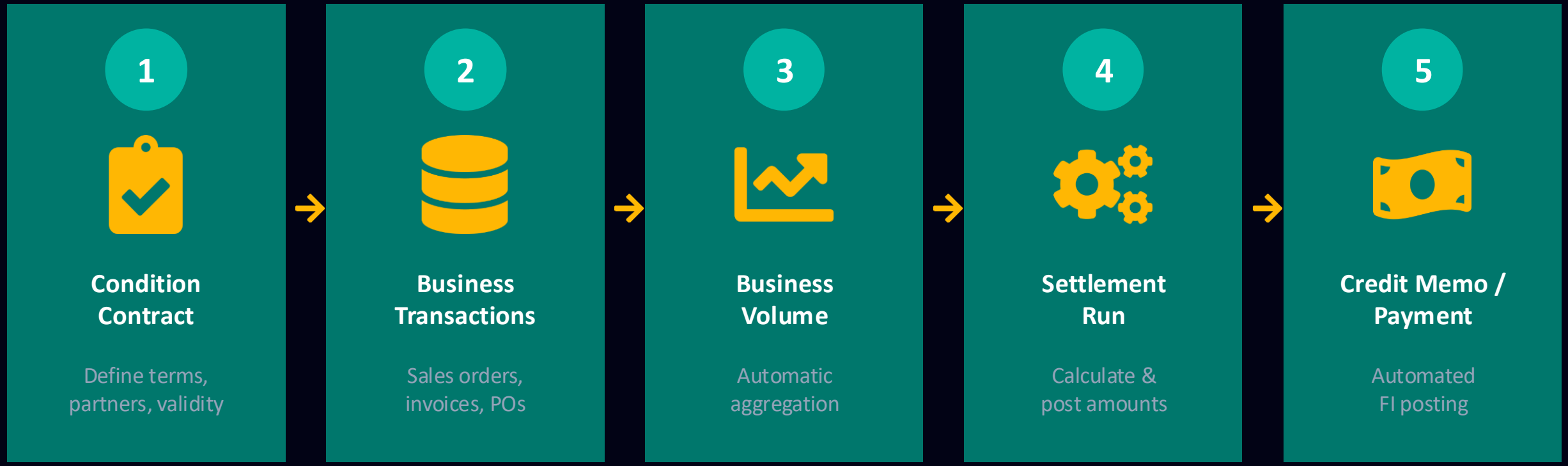
Performance-based payments to independent sales agents

Supplier Rebates

Incentives from suppliers based on your customer sales

HOW IT WORKS

The Settlement Management Process



Business volume is calculated on-the-fly using SAP HANA — no legacy index tables required

CORE CONCEPT

Business Volume – The Heart of It All

Business Volume is the cumulative total of relevant transactions — the number the system uses to decide whether thresholds are met and how much to settle.

Data Sources

- Customer invoices (billing documents)
- Supplier invoices
- Purchase orders
- Deliveries and goods movements

Key Figures for Settlement

1. **Monetary Amount**
   e.g., net value of invoices
2. **Quantity**
   e.g., units or liters sold
3. **Weight / Volume**
   e.g., kilograms shipped
4. **Points**
   e.g., loyalty or performance points

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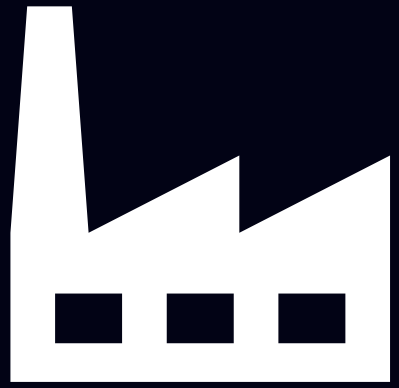
Sales Rebates to Customers

Industry Scenario: Food & Beverage



Tiered bonuses that reward volume and drive loyalty

SALES REBATES – EXAMPLE 1

Tiered Volume Rebates in Action

A beverage manufacturer — "Nordic Drinks AS" — offers grocery chains tiered rebates based on annual volume purchases.

Volume Tier	Rebate %	Impact
From 0 liters	0%	Standard pricing
From 10,000 liters	2%	Covers logistics costs
From 30,000 liters	4%	Meaningful margin benefit
From 60,000 liters	6%	Strategic partnership tier

Bonus is paid quarterly through settlement — automatically calculated from actual invoiced sales.
The system applies retroactive rebates when thresholds are crossed.

SALES REBATES – THE STORY

A Win-Win at the Threshold

The Situation

FreshMart grocery chain is nearing the 30,000-liter threshold.
They're only 2,500 liters away from unlocking a 4% rebate on drinks.

The Action

Offer a targeted promotional campaign to help FreshMart get there.

The Result

FreshMart increases orders — both sides win.
FreshMart gets the 4% rebate. Nordic Drinks boosts Q4 volume.

The Settlement

The rebate settlement runs fully automated in the system.
No spreadsheets. No disputes. Just trust.

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External Commissions

Industry Scenario: Industrial Machinery

Performance-based agent commissions, settled automatically

EXTERNAL COMMISSION – EXAMPLE 2

Agent Commission Structure

A B2B equipment vendor uses independent sales agents across regions. The Partner function in SAP captures the agent relationship, and commissions are automatically settled monthly based on shipped and invoiced items.

5%

Standard Equipment

Base commission on all standard product sales

8%

Premium Models

Higher rate for selling premium-tier products

+1%

Year-End Bonus

If yearly region sales exceed NOK 10M

Commissions are settled monthly. Agents may see a live dashboard of earned and projected commission — motivating higher sales.

EXTERNAL COMMISSION – THE STORY

Sara in Trondheim: A Day in the Life

The Agent

Sara is an independent agent in Trondheim, working on commission for a machinery manufacturer. Her contract terms are clear and tracked in the system.

The Contract

All forklifts sold: 5% commission
Premium brand forklifts sold: 8% commission
Exceeds NOK 10M/year: +1% year-end bonus

The Outcome

The system automatically settles Sara's commission monthly. She can see a live dashboard of earned and projected commission — which motivates her to push harder in Q4 to hit that year-end bonus. The manufacturer gets full transparency on commission costs by region, product and agent – traceability to the source in every settled item.

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Supplier Rebates Based on Customer Sales

Industry Scenario: Electronics Distribution

Earn incentives from suppliers by promoting their products

The Supply Chain Behind Supplier Rebates

The supplier incentivizes the distributor to sell more of its products to end customers. The rebate is paid in retrospect — based on what was actually sold.

Key insight: The condition contract is between the supplier and your company — but the business volume that triggers the rebate is driven by what you sell to end customers. SAP Settlement Management tracks this automatically through customer invoices.

SUPPLIER REBATE – EXAMPLE 3

When the customer type matters

An electronics distributor sells monitors. The manufacturer offers fixed rebates to the distributor, and the rebate amount depends on the end customer — sales to public customers generates a higher rebate from the supplier.

NOK 1,000 per monitor

When distributor sells monitors
to private customers

Private Customers

NOK 2,000 per monitor

When distributor sells monitors
to public customers

Public Customers

Supplier Rebate is claimed once a month. The business volume is based on customer invoices — meaning the more the distributor sells to end customers, the higher the rebate claim from the supplier.

WHY IT MATTERS

The Business Advantages

Better Profitability

More accurate calculations and precise rebate tiers mean better margins. Sales and purchase incentivization

Stronger Partnerships

Transparent, automated reporting eliminates disputes and builds trust

Agility

Ability to experiment in real time with models that just work

Real-Time Visibility

See how close customers are to their next tier — enabling targeted efforts

Lower Operational Cost

Streamlined HANA-optimized processes with full audit trail

Full Compliance

Complete auditability and transparency across all settlements

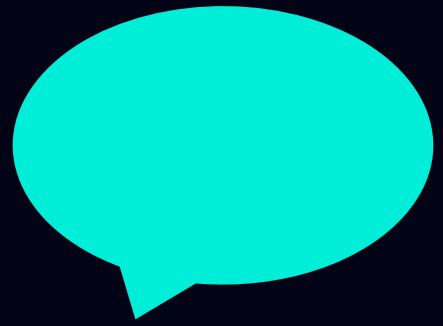
Already embedded in your SAP S/4 HANA solution

Ready to Turn Your Rebates Into a Competitive Advantage?

Automate, optimize, and gain full transparency over every rebate, commission and supplier incentive — across all your business relationships.

- Replace manual processes with automated, real-time settlement
- Unlock hidden revenue through better rebate optimization
- Build trust with partners through complete transparency

Let's discuss how this fits your business.



Questions & Discussion

What scenarios from your business would benefit from automated settlement management?

Contact and follow us.

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