

# Five Tips for Buying Deductions Management Software

By Veena Gundavelli

Companies that sell into retail and distribution channels often struggle with managing the resulting deductions and chargebacks from commercial transactions. If your company is planning on reducing chargebacks by purchasing a deductions management system, it faces the same risks and rewards as when buying other types of software. A well-researched deductions management software purchase can deliver a bounty of benefits to your company including reduction in revenue leakages, faster resolution of disputes and increased efficiencies. However, a poorly researched purchase often leads to a costly waste of funds, inoperable software which no one uses and lowered employee productivity and morale.

The challenge that many companies face when selecting a deductions management system is that there is often no clear approach to use when choosing between the numerous software packages that exist in the marketplace. The following five principles will provide your company with a roadmap that will help ensure a satisfactory purchase.

**1. Start With Features and Functionality** - Automating deductions management is a complex task that requires a robust software solution. Each type of deduction from a specific customer may have to be handled in a unique way by multiple departments within your company. For example, resolving deductions caused by trade discounts may include marketing or trade planning staff in addition to deductions or claims analysts. Similarly, deductions tied to Return Merchandise Authorizations (RMAs) may also have to involve logistics and receiving departments. The deductions management software you choose should have the capability to handle different types of disputes in different ways based on a large set of reason codes. In addition, the software must have an extensive workflow capability that allows it to route the deduction step-by-step to all parties who need to be involved in its resolution. Here is when technology comes into the picture. Deductions management software (and other types of collaborative software) should be fully web-based so that individuals all over the globe can easily access and help resolve deductions. This is especially critical for companies which have globally distributed sales, marketing, and accounting teams. Also,

deductions management software needs to be extremely flexible in order to accommodate the multiple types of deduction reason codes and methods of doing business with customers. Keep in mind that the way you do business with customers may change over time, so the ability to easily change business rules and workflow logic over time is critical.

**2. It's a Product Vision Thing** - The best software vendors will provide you with a roadmap of future functionality and development. It is very important that any company looking to purchase deductions management software look at a vendor's current and future product direction. This roadmap will give you an idea of whether the software company is focused on solving one problem or has a solution to address a broader range of business problems. For example, deductions management software systems look at deductions management from a wide range of angles. There is the basic angle of workflow based collaboration, but in addition, there are a number of other considerations that should be taken into account in the vendor's roadmap, including integration to trade promotion and pricing systems, reporting on root causes of deductions as well as incorporation of best practices from vendor compliance groups. As a prospective software buyer, you should assess the completeness of this vision and how it maps to your company's problems today and potential needs in the future.

**3. Are They Focused on The Customer?** - When your company buys software from a vendor, you want to make certain that both parties are entering into a sustainable partnership. The way the vendor interacts with you from the very beginning will give you an idea of whether they are focused on the customer. Software vendors with a strong focus on the customer exhibit traits such as being easy to deal with during the sales process, an understanding of the prospective buyer's industry challenges and the ability to provide significant support after the deal is done. The last point is a critical one to keep in mind. Implementing deductions management software is something that will impact multiple parts of your company. As the software is rolled out for use across the organization, it is important that the software

vendor offer top-notch training and support for users. The best software vendors will present a comprehensive plan for rollout, user training as well as ongoing customer support.

**4. Make Sure You Do Your Homework** - A critical part of the software buying process is to perform due diligence. Due diligence has many important parts that every company should use to assess whether the vendor is capable of delivering what they promise. These steps include assessing a software vendor's technology, assessing the capability of its management team, checking past references and being comfortable with their long-term financial viability. Software vendors should be able to guide prospective buyers through this process. Additionally, software vendors should be able to furnish sterling references and quantifiable benefits gained by other companies with similar deductions challenges. Having a one-on-one conversation, either live or by phone, with other customers of your potential software vendor can go a long way towards helping you feel comfortable with a buying decision.

**5. Finally, Getting the Deal Done** - The rubber hits the road when you end up at the negotiating table. Here is where a company can work with the software vendor to develop a win/win outcome from the very beginning. Key considerations will be the cost, scope of the implementation, and other terms and conditions in the contract. This can be a complicated and lengthy process in the software buying process. Software vendors should work with your company through this process and will also come to the table with a range of pricing and scoping options. Sometimes, the discussions at this stage will open up other avenues of conducting the software purchase which can be completed quickly and allow your company to gain the benefits of the software earlier in the process. The important thing to understand is that both sides win when expectations of price, reliability, value and support are concretely defined and agreed to by both sides.

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