

## SAP Solution Brief

### Solution Extension

SAP Paybacks and Chargebacks, SAP Incentive Administration, and SAP Data Maintenance

# Integrate Contract Lifecycle and Revenue Management for Better Returns

## Quick Facts

### Summary

Used in conjunction with the SAP® ERP application, the SAP Paybacks and Chargebacks and the SAP Incentive Administration applications by Vistex and the SAP Data Maintenance application for ERP by Vistex offer a complete, innovative solution for contract lifecycle and revenue management. With fewer costly interfaces to maintain, you can minimize operating costs. And by eliminating excessive payments and streamlining your contract management processes, you can sharpen your competitive edge.

### Business Challenges

- Automate entire contract lifecycle
- Improve visibility into chargeback and incentive payment processes
- Establish audit trail for contract lifecycle and revenue management

### Key Features

- **Contract development and management** – Support complex, high-volume contract administration
- **Group membership management** – Manage complex business relationships between contract organizations and clients
- **Chargebacks** – Validate claims quickly
- **Sales tracking** – Capture indirect sales data from wholesalers and distributors
- **Performance rebates** – Collect sales and market-share data automatically and process payments quickly and accurately
- **Medicaid and Medicare claim processing** – Process state and federal claims in a timely manner
- **Government price and transaction reporting** – Determine accurate government prices and report necessary data

### Business Benefits

- **Gain greater sales and market share** by harmonizing pricing guidelines, company policies, and contract terms
- **Improve business intelligence** with greater visibility across disparate sources of data
- **Reduce overpayments and duplicate claims** with improved audit and control
- **Improve compliance** with government regulations and commercial pricing programs
- **Increase productivity** by automating labor-intensive processes

### For More Information

Call your SAP representative, or visit us at [www.sap.com/solutions/solutionextensions](http://www.sap.com/solutions/solutionextensions).



The Best-Run Businesses Run SAP™

What if your life sciences company could harness creative sales strategies to **increase market share and improve margins** – without multiple disjointed contracting solutions? With the SAP® Paybacks and Chargebacks and the SAP Incentive Administration applications by Vistex and the SAP Data Maintenance application for ERP by Vistex, you can do so. An integrated view of your contracting process helps you address all aspects of commercial and government contracting profitably.

### **COST-EFFECTIVELY MANAGE THE CONTRACT LIFECYCLE**

To effectively develop contracts and pricing, your company must manage multifaceted membership relationships, as well as performance-based contracts. Contract sales now make up the majority of sales for most life sciences companies, and rebates and chargebacks can represent 10% or more of total sales. A small variance in chargebacks or rebates can result in huge overpayments – or huge savings, if you avoid them. Your company must also satisfy government reporting requirements and rebate-processing obligations. Managing these processes with an assortment of applications is complex and costly.

Integrated software from SAP addresses end-to-end contract management, including downstream contracting processes such as chargeback administration and rebates management. SAP Paybacks and Chargebacks helps with contract pricing, chargeback processing, and group membership management. Use SAP Incentive Administration for comprehensive rebate design and processing. SAP Data Maintenance enables integrated government price calculation and federal and state claims processing to help ensure government reporting and rebate processing needs are addressed.

### **TAKE ADVANTAGE OF A WORLD-CLASS SELL-SIDE SOLUTION**

Through all phases of the contract lifecycle – from contract negotiation and chargeback management to rebate calculation and financial settlement – this integrated solution supports your sell-side contract management needs. As a result, you can transform your company's contract management infrastructure from disconnected applications into a comprehensive, fully integrated solution that enables a closed-loop process. With full access to SAP master data, pricing, and financials information, you achieve a level of integration and flexibility that is not possible with multiple point solutions.

#### **Simplify Contract Development and Administration**

Using rule-based concepts in conjunction with standard pricing techniques, SAP software simplifies the process for developing and managing contracts. With the solution, you can define rules to determine member eligibility on contracts as well as to establish pricing programs and performance rebates. Standard contract templates make contract development fast and efficient. You can manage all types of rebates – from simple rebates to market share or growth measurements to elaborate, matrix-style conditions – as well as handle fixed or tiered pricing.

You can use inline contract validation to check for price-floor violations and, with automated workflow, route authorization requests to the appropriate department. The solution empowers you to capture data for contract analysis and structure multiple price rules such as tiered volume and market share or market basket rebates across a product portfolio. You can even communicate using various formats, including electronic data interchange (EDI) transactions for outbound bid-award notifications.

#### **Manage Complex Business Relationships**

With the group membership feature of SAP Paybacks and Chargebacks, you can manage the complex business relationships between contract organizations and affiliated clients and plans. The application maintains an exact copy of your customers' membership list and automatically matches it to your customer database according to external cross-references. Data uploaded from your customers' files, third-party data providers, or EDI transactions is integrated with your customer master data. Because you establish filters, policies, and participation rules to control contract participation, the software automatically determines contract or member eligibility, updating contracts in real time without manual intervention.

#### **Analyze, Validate, and Process Chargebacks**

SAP ERP works with SAP Incentive Administration and SAP Paybacks and Chargebacks to tightly integrate contract, membership, pricing, and inventory data, so you can quickly analyze and validate chargeback claims. Intelligent error tolerances, thresholds, and duplicate checks help you enforce company policies. Automated error-correction functionality helps you validate claims quickly, speeding up the chargeback process. SAP Paybacks and Chargebacks

loads and processes chargeback claims and customer sales data with standardized EDI chargeback claim requests and handles outbound chargeback reconciliation. You can trace all financial postings originating in SAP ERP to their source documents and explain every journal entry in full compliance with Sarbanes-Oxley regulations.

#### **Avoid Revenue Leakage**

SAP Paybacks and Chargebacks helps you avoid revenue leakage by tracking channel sales and acquisition costs to validate basis prices in wholesaler chargeback claims. When you process chargeback claims, the submitting wholesaler's tracked inventory is automatically depleted.

#### **Fuel Your Performance-Based Incentive Programs**

With SAP Paybacks and Chargebacks, you can capture indirect sales data from wholesalers and distributors to gain market intelligence and monitor end-customer buying patterns. Integration between SAP Paybacks and Chargebacks and SAP Incentive Administration allows you to use this data in your performance-based incentive programs. This includes sales commissions and bonuses and sales rebates or service fees paid out to channel partners and contract organizations.

Because it is fully integrated, the SAP solution **removes information bottlenecks** created by multiple applications and interfaces and empowers you to profitably manage the contract, pricing, chargeback, and rebate requirements of your business.

#### **Simplify Processing of Rebates and Fees**

The integrated solution eliminates manual processes associated with calculating performance rebates – and the errors that result. It collects sales and market-share data automatically and handles complex calculations in real time or in scheduled background tasks. You can calculate sales or market-share rebates and payment distributions – and flexibly adjust payments in response. The solution also automates the calculation of administrative fees in addition to routine processing of rebates and chargeback claims. Plus you can configure it to determine tier compliance levels and recommend eligibility changes to monitor performance and protect margins.

#### **Satisfy Government Contracting Requirements**

As governments become the largest purchasers of healthcare products and services, organizations can seize a significant sales opportunity. The SAP solution provides the tools needed to meet the requirements associated with government contracting.

SAP Data Maintenance provides native access to contract price, rebate, fee, and sales transaction data. Transaction data is filtered by user-defined, formula-driven policies that can be adapted to regulatory requirements or corporate policy changes. You can simulate policy changes

by modeling different policies using actual contract and pricing data to understand the impact on revenue and profit. You can review these proposed changes without affecting existing approved policies and then implement approved changes without involving your IT department. Moreover, you can drill into the government price calculation results to the transactions for total traceability.

Once approved via workflow, the government prices can be calculated and reported to state and federal agencies along with aggregated transactional data as required. Government prices are then also available for use in government contract and rebate processes, and for validation of commercial contract and rebate thresholds.

#### **Get Support for Medicaid and Medicare Programs**

SAP Data Maintenance supports claims processing and reporting for state and federal Medicaid claims. Unit rebate amounts (URAs) are determined using industry-standard rules, enabling you to process Medicaid, state pharmaceutical assistance programs (SPAP), AIDS Drug Assistance Program (ADAP), J Code, and Managed Medicaid claims. You can also generate labeler Reconciliation of State Invoice (ROSI), Prior Quarter Adjustment Statement (PQAS), and state aggregate spend reports.

#### **Benefit from a Fully Integrated Solution**

Combining SAP ERP with SAP Incentive Administration, SAP Paybacks and Chargebacks, and SAP Data Maintenance provides a complete contract life-cycle and revenue management solution. Because it is fully integrated, the solution removes information bottlenecks created by point solutions and empowers you to profitably manage the diverse and dynamic contract, pricing, chargeback, and rebate requirements of your business.

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With this solution, you can:

- Reduce the number of costly application interfaces and associated operating costs
- Eliminate excessive payments
- Streamline contract management processes
- Enhance your group and customer relationships
- Increase sales and market share by developing contract strategies that harmonize pricing guidelines, company policies, and contract terms
- Capture business intelligence by aggregating disparate sources of data quickly and efficiently
- Reduce overpayments and duplicate claims
- Improve compliance with government regulations and commercial pricing programs
- Boost productivity by automating complex, labor-intensive processes related to contract management

## FIND OUT MORE

For more information about how you can integrate contract lifecycle and revenue management for better returns, call your SAP representative today or visit us on the Web at [www.sap.com/solutions/solutionextensions](http://www.sap.com/solutions/solutionextensions).



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