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TURN REBATES INTO AN ENGINE FOR GROWTH

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INTRODUCTION

Data shows that 20% of customer partners generate 80% of business revenue. Are your rebate programs enhancing those vital partnerships?

Rebates are for more than driving sales and maximizing the bottom line. They are powerful additions to any business that can be used to improve client relations, drive and incentivize the sale of specific products, enhance customer loyalty, and strengthen the relationship between the buyer and the seller.

With varying types of rebates, the constant need for calculations and tracking, and complicated accounting structures surrounding them, they can become the bane of any accounting team's existence. That is, if they aren't being handled efficiently.

Finance functions are continually being [digitized and automated](#) to save time, reduce mistakes, and optimize workflows. When it comes to rebate management, automation solutions exist to take the pain out of rebates, so you can focus on the gains.

In this guide, we'll share the details about rebates and the various types of rebates that exist. We'll touch on challenges associated with manual management of rebates and review how automating the process will undoubtedly serve as the ultimate solution.

By automating the rebate management process, you not only get to save time, but you also get to do more within a timely manner.

Automation enables complete accuracy within the process and communication with your customers, so you can reduce time wasters such as calculation discrepancies and the like.

Defining rebates and types of rebates

A rebate is a retroactive payment back to the buyer (a consumer or business) of a good or service. Suppliers can offer rebates as they sell their products through businesses or they may offer rebates to customers directly. Upon completion of a sale, a rebate will lower the full price of a good or service and provide it back to the buyer.

Additionally, suppliers can extend rebates to businesses that hit a certain target percentage in goods sold or surpass a threshold over a certain dollar amount in goods purchased. Rebates can be granted as lump sum amounts or a percentage of the sales price, and can vary by client.

Let's take a look at a few ways in which rebates take effect by exploring the types of rebates:

1. Volume incentive rebate

A volume incentive rebate tends to be one of the most popular types of rebates because they protect vendors in the event they don't sell as many goods as they had forecasted. Buyers will only receive rebates once a volume-based turnover target has been met (i.e. a certain amount of product was purchased in a designated amount of time).

2. Value incentive rebate

Value incentive rebates are issued once a buyer reaches a value-based turnover target, or in other words, spends a certain dollar amount to put the rebate structure into effect.

3. Product mix incentive rebate

A product mix incentive rebate helps to diversify the types of products customers purchase in an effort to gain business over competitors. For example, sellers can extend a rebate for a certain item, like a refrigerator, in the event a customer also purchases a stove.

Looking at rebates from a financial team's perspective, you'd have to be aware of the designated rules in order to properly account for each rebate type and execute rebates in their entirety. Without a clear understanding of the rebates in effect, they will be overlooked and/or run the risk of being mismanaged.

What are the main challenges with rebate management?

Rebates are effective, but if you're managing them manually (without the aid of rebate management software), then they won't come without their fair share of challenges.

Some of the common hurdles of having to account for rebates include:

1. Lack of communication

Every department in your business has their own set of responsibilities. For the sales and marketing team, their focus is on increasing the bottom line and taking care of the customer. When it comes to the accounting department, they need to maintain the accuracy of the bottom line. As far as rebates are concerned, if sales and marketing teams are coming up with rebate incentives that aren't shared with the accounting team, it can lead to major issues.

Furthermore, different customers may receive different contracts, which can become a hassle to manage as transactions grow. With an automation solution like Solvexia, the system manages this and helps create additional standardization and professionalism in client communications.

2. Issues with accruals

An accrual is the expectation of income at a future time. For rebates that take effect with volume or with value over time, the previous purchases must be closely tracked. This form of tiered incentives makes it such that records are essential to ensure the timely payment of a rebate, along with the amount of the rebate. For a handful of sales, this is possible to manage manually, but once sales transactions increase, you can imagine how difficult this would become.

3. Balance sheet mistakes

When rebate accounting errors occur, it throws off your company's balance sheet. In effect, audit risk increases and business decisions could be affected negatively.

4. Inaccurate data

Handling rebates across spreadsheets and manually opens the door to mistakes. From missing rebate amounts to inaccurate data, the risks are inherent. Worst of all, if a mistake exists within a spreadsheet, it's unlikely that anyone would be able to catch it. This can affect your business' reputation, relationships, and of course, the bottom line.

Benefits of an automation solution

Let's take a look at what you stand to gain:

1. Value add and time

Accounting teams that leverage rebate management software can remove themselves from the burden of tedious data entry and spreadsheet maintenance. Instead, they can spend their time wisely.

2. Agility and accuracy

Rebate management software has the ability to collect data from multiple business sources and manage rebates in real-time. Accurate rebate calculations and the ability to effortlessly change rules on-demand improves business confidence and customer relations.

3. Increased transparency

Remember the challenge of incomplete information and lack of communication that we alluded to above? Rebate management software provides audit capability as well as visibility and transparency for all business stakeholders.

4. Improved insights

Rebate management software reduces the time required to analyze and prepare reports, which leads to increased productivity and the ability to make important, data driven business decisions in a timely manner.

[Automation solutions like](#)

[Solvexia](#) help you to overcome the challenges associated with rebate management.

From transparency to accuracy to security and beyond, there are many advantages of using rebate management software to handle your rebate needs.

[Download data sheet](#)



An example of automated rebate management

When you think about accounting for rebates, there are a lot of different steps that go into it. Automated rebate management removes these associated stressors and streamlines the process.

With an automation solution like Solvexia, you will be able to automate the calculation, reconciliation, and reporting of rebates for both vendors and customers.

Solvexia makes it easy to:

- Improve customer and vendor engagement;
- Standardize and simplify the administration of rebates;
- Expedite the rebates process from days to seconds.

Automated rebate management helped one of the largest bottlers and distributors of beverages in Asia Pacific to overcome their sales commissions reporting issues and consolidate procedures.

[Read the full story.](#)

10 mins

to generate rebate calculations

3 months

to achieve ROI

1 FTE

saved

Solvexia automated solution will handle the six main steps for you:

1. **Data ingestion** – data collection from business sources.
2. **Data preparation** – data cleansing and enrichment.
3. **Data validation and reconciliation** – data checks and matching.
4. **Rebate calculation** – rules management, calculations, exception reporting.
5. **Review and control** – review and sign off plus audit trails.
6. **Reporting and analytics** – customer reporting and management dashboards.

A checklist to find your rebate management software of choice

The need to automate financial processes is clear-cut, but finding the right type of software for your business' needs isn't always as straightforward. Before exploring the tools, it's useful to know what type of features you should be looking for.

Here's a look at some common functions you'll want to check off the list:

1. Rebate scheme management

To provide the ability to create complex rebate agreements.

2. Collaboration and workflows

To enhance communication with both internal and external stakeholders, as well as control approvals.

3. Reporting and analytics

To grant your team with progress reports, accrual reports, net price reports and more.

4. Sales data management

To allow for data integration across multiple systems and the use of a rebate calculator that removes the amount owed back to customers.

5. Rebate modeling

To provide your team with projected future scenarios.



Getting started with automated rebate management software

It's in every business' best interest to increase visibility, transparency, and accuracy in their rebate management processes.

With Solvexia, businesses can reap the advantages upon implementation. By removing the need for busywork and a reliance on spreadsheets, accounting teams can maximize their time and value add as they won't have to focus on tedious and repetitive tasks.

Customers and vendors will also be more likely to complete the rebate process on their end because they'll get what they are promised in a timely manner, thereby improving client relationships and promoting brand loyalty.



Solvexia is a low-code platform that automates spreadsheet-driven data preparation and manual processes.

It enables finance to free up their time by running processes 100x faster with 98% fewer errors, allowing businesses to reallocate essential resources to value-added work.

Finance and accounting teams choose Solvexia to unify data from systems and spreadsheets and automate their processes without involvement from IT. Its drag-and-drop interface makes it fast to deploy and easy to learn.

Solvexia combines and manipulates data, performs calculations and creates interactive reports, analytics and smart dashboards for richer insights for your stakeholders.

You can leverage Solvexia to automate hundreds of processes for your company, including reconciliations, revenue and expense reporting, regulatory compliance, rebate management and much more.

100x
faster
processes

**Positive ROI
within 6–12
months**

Modern cloud architecture

Works with existing systems and
spreadsheets

**Full financial
control over
your processes**

98%
fewer errors



Maximize your bottom line and optimize the rebate management process.

Book a demo to see what Solvexia can do for you.

[Book a demo](#)