

How RecVue's all-in-one platform helped Hertz modernize outdated systems and conquer global accounting demands



The Most Advanced
Billing, Revenue & Partner
Compensation Platform

Hertz

The world-renowned car rental firm applies RecVue's diverse accounting modularity and configurability for scale to its sprawling revenue needs in its unified system upgrade



Before Recvue

- Calculations for global distribution of revenue – or revenue splits – among a network of 40,000+ franchisees, tour operators, travel agents and other stakeholders applied via 40-year-old homegrown system
- Increasingly complex multi-continent accounting scenarios involving partner licensing fees, commissions and intercompany entities expanding beyond stagnant solution scope
- Internally separated system functionality required multiple points of integration resulting in frequent failure and added processing time

After Recvue

- Processing 4.5 million monthly rental agreements across more than 43,000 worldwide sites through a consolidated system of record with fully integrated billing and compensation
- RecVue's built-in logic based on accounting rules to calculate all Hertz global Rent-It-Here/Leave-It-There (RIH-LIT) scenarios for full scalability of concept
- Streamlined system reduces operational inefficiencies while increasing auditability and control

The Problem

Hertz is undeniably a well-established travel brand touching every corner of the world. The company's bread and butter car rental scenarios are the following:

Scenario 1:

A car rental is booked within Hertz and the vehicle is picked up and dropped off at direct Hertz locations.



Scenario 2:

A car rental is booked at a licensee location. Hertz and the licensee have a revenue share agreement on the rental transaction and the revenue is split between Hertz and the licensee.



That may seem like a lot, but given today's multitude of billing models in play, it's par for the course in business. Enhanced customer expectations mean heightened billing capabilities with built-in flexibility are the norm, not the exception. Consider the variety of potential calculations among any of these individual transactions:

- **Revenue sharing between booking, pickup and dropoff sites**
- **Conversion between the U.S. dollar and Euro currencies**
- **Licensing fees depending on whether the European locations are Hertz direct or licensee locations**
- **Airline partner sourcing commission**

Scenario 3:

A car rental is booked through the website in the US, with the vehicle picked up at, say, a Hertz location in Germany and dropped off at a different Hertz site in Spain - applying its Rent-It-Here/Leave-It-There (RIH-LIT) concept - to create a multi-country **intercompany transaction** between business units.



Scenario 4:

A car rental booked through an airline website in the United States in which the vehicle is picked up in Germany and dropped off in Spain so the transaction now incorporates a **partner commission compensation** for the airline's sourcing portion of the transaction.



Multiply that by 4.5M times every month.

Now, consider Hertz was using a decades-old, in-house custom-built system to process these increasingly common yet complicated RIH-LIT transactions - deciphering the revenue splits on who pays what to whom - and inform its internal accounting hub how to map data in the general ledger to different accounts.

The company needed a modern, scalable system for this critical interface.

The Solution

The existing systems within Hertz weren't designed to handle the revenue sharing rules and calculations nor the payments typical of today's complex, global transactions. Hertz enlisted the experience and wisdom of Deloitte to evaluate modernization options.

Those options for Hertz were stark: Invest more in an already outdated homegrown solution, customize and maintain multiple modules or entrust RecVue's unified platform to seamlessly integrate and solve many challenges in a simplified manner. Put another way, it was a case of traveling down old roads versus a spin on the brand new expressway.

The accounting firm quickly concluded RecVue's order-to-cash platform far and away the most realistic option for three key reasons:

- 1. No other solution on the market offers the functionality to address an increasingly complex array of accounting rules, revenue splits and partner compensation**
- 2. The system design allows for easy configurability to handle this complexity at scale**
- 3. The lone application handles what would otherwise require multiple, heavily customized ERP modules**

It's an expanding universe of complicated RIH-LIT scenarios and the logic established within RecVue, defined by governing accounting rules, works hand-in-hand with Hertz's accounting solution to determine how the money from each transaction is split and into which buckets. **How complicated? Consider just one build-out scenario:**

In the event of a rental vehicle exchange, RecVue calculates and feeds separate transactional values for total hours and exchange hours into the Hertz accounting hub.

RecVue can also apply the same calculation to revenue hours to determine and feed licensee and corporate revenue shares.

Now, if the rental customer uses a voucher, RecVue can calculate and feed to voucher days, voucher currency with exchange rates as well as a licensee (say, travel agent) accounting split.

One rental agreement can have multiple billing parties and trigger many complex business partner rules which spawn multiple revenue, receivable and payable scenarios internally.

RecVue's Partner Compensation Management module handles Hertz payments for travel agents, tour operators, corporate customer dividends and others by calculating commission and bonus information for accrual bookings and payment bookings. RecVue provides a commission and payment report of the information sent, and delivers internally for accounts booking.

The Benefits

▶ **Benefit #1:** Superior transactional vision for analysis and audit needs

By managing the company's partner commission programs, franchise revenue share rules and intercompany revenue splits, RecVue has provided Hertz increased visibility into its millions of rental agreements and commissions transactions.

More clearly stated, this means transparent and trusted management over monthly agreements and invoices to the tune of \$5.3B across 100,000 pricing rules and more than 12,000 commissions and concession contracts.

In addition to informing the internal accounting hub who to invoice and how much, RecVue's single source handling of all billing and payments details means monthly accruals information on open rentals where revenue is yet to be created can be shared, and tracked to closure. Additionally, RecVue captures and relays unaccounted revenue transactions, or market analysis transactions, for reporting analysis, and details on credit card fees when that form of payment is used.

The increased visibility into Hertz's millions of rental agreements and commission transactions has reduced not only the inefficiencies associated with manual effort and human error, but the internal resourcing and time dependencies for a slimmed-down set of audit and compliance needs. No small task within a global conglomerate of 24,000+ employees, not counting the expansive network of partners and affiliates.

▶ **Benefit #2:** Slashed systems and staffing needs by 40%, saving millions

RecVue's out-of-the-box, configurable rules engine not only serves as a user-friendly form to define

and maintain all the rules applied to Hertz rental agreements, but it saves, literally, having to build an expensive, difficult-to-maintain custom ERP solution.

In one application, RecVue replaces the following two separate back-office Hertz systems – and associated annual maintenance costs for each.

- Licensee revenue splits – system accounting, European licensee system, international licensees
- Split billing – breaking one rental into multiple forms of payment to multiple AR receivable transactions for collection

Between systems and staffing savings, when you factor in the elimination of more than 15 individual custom systems, RecVue helped Hertz realize a TCO reduction of 40%, a savings of millions.

▶ **Benefit #3:** Unified platform cut down errors and processing time

RecVue's unified system approach saves time and stops errors in replacement of a prior revenue-sharing solution of multiple independent systems handling different functions, each internal integration a potential point of failure. Think of the difference of water flowing through one long, single pipe versus a pipe made up of several smaller, connected pieces. Which is more likely to spring a leak?

▶ **Benefit #4:** Skyrocketed boardroom confidence and Wall Street results

Improved turnaround times for revenue settlements has meant a higher level of partner and franchisee satisfaction among the Hertz universe.

Building upon this increased confidence and improved financial statements, Hertz launched multiple new services directly responsible for an 8% growth in the company's stock price.

“Leveraging RecVue’s technology platform will enable Hertz to continue our digital transformation journey and respond to evolving customer demand.”

- David James

Hertz VP Corporate and Financial Systems

Don't let outdated internal processes and complex accounting requirements upend your modernization efforts before they even begin. RecVue's unified platform solves your scenarios regardless of revenue model with marked improvement in efficiency and return on your investment.

Launch your own transformation journey toward a faster, more streamlined, digital environment and explore how much RecVue can save you in system and staffing costs.

To learn more about RecVue's revenue splits and accounting flexibility, visit recvue.com or call **1-844-984-0300**