

# Creating a **Renewable Opportunity** with FuelQuest

By Greg Salverson

Regardless of the media debate, renewable energy is a growing market with strong government support and, if properly managed, real business benefit. Maximizing your margin on renewable energy requires flexibility in your business model as well as the technological approach used to manage it; specifically when handling changes in government regulations and supply dynamics. FuelQuest's solutions are enabling companies like 7-Eleven, Circle K, HyVee, UPS, and Walmart to increase their margins on renewable fuels by lowering their supply chain costs, maximizing their tax returns and simplifying tax compliance.

Strong growth in the ethanol and biodiesel markets to meet federal and state green initiatives have convoluted the fuel supply chain for convenience store operators, jobbers, distributors, fleets, and marketers that must analyze pre-blended products, splash blending, and plant blending to determine the lowest net landed cost. It takes significant effort measured in operational expenses to manually analyze the myriad of procurement options to calculate freight costs, product costs, and tax impact for all available options. Most businesses in a dense renewable market work hard to capture a 1 cent savings on a small fraction of loads.



FuelQuest's Fuel Management Software (FMS) utilizes product and component sourcing templates to find all available renewable and conventional supply options; calculating the freight costs (including multiple terminal fees), formula and average pricing for product costs, and tax rebates for every supply option; presenting your options in apples to apples comparison. Customers can choose their source in our "best buy" application, lowering the cost of buying renewable fuel and shortening the time it takes in capturing a 1 cent savings, reducing administrative costs. FMS also keeps a running total of product lifted by contract or position projecting monthly consumption and simplifying the decision to lift from a contract, pull from your position, or capture a spot deal.

The growth in renewable supply options has multiplied the number of business partners for buyers, increasing the cost of reconciling invoices. FuelQuest's Invoice Reconciliation module uses exception processing to capture discrepancies in products, volumes, costs, and taxes for all renewable and conventional invoices, lowering the administrative costs to verify each invoice for accuracy. The formula and average pricing in FMS's Price Management module captures the volatile pricing for splash blended, pre-blended, and plant blended renewable products, matching it to the pricing on your invoice to prevent margins from being eroded by errors in invoicing. In addition to reconciling true product costs, Invoice Reconciliation makes use of the flexibility in the ZyTax Tax Determination Engine (TDE), enabling FMS customers to quickly respond to changes in rules and rates.

The ZyTax Tax Determination Engine uses binary decision trees to check delivery and determine the applicable rules, regulations, and rates through a series of criteria calculating the final tax for every product. A change in the tax regulation of Ethanol can be quickly adapted by simple changes in the decision tree. Significantly reducing the cost to maintain up to date tax rates for all splash blended, pre-blended, and plant blended deliveries that impacted by the tax rate change. The Tax department utilizes a Graphical User Interface (GUI) to implement rule, regulation and rate changes. Most ERP tax solutions manually assign a static tax amount by destination and store it as a rate in a table creating strain on IT departments to update the tables outside of scheduled releases to maintain tax compliance.

Each transaction from a customer's fuel supply chain is automatically exported to the ZyTax Compliance

module to fill taxes, credits, and rebates on renewable products. The growth in renewable products has added further complexity in maintaining accurate forms and schedules. ZyTax Compliance software reduces the effort and risk of tax compliance by maintaining all Federal and State forms and schedules. The compliance module simplifies the process of filing excise taxes with exception processing which automatically imports deliveries, highlights any issues in data to a tax department's attention, and calculating taxes provided in signature ready schedules and forms.

In addition to providing software to simplify the dynamics of renewable fuels; FuelQuest's FuelCenter and ZyTax business units offer consulting services from industry experts to add further cost savings in a changing market. ZyTax provides services to help customers file as a licensed distributor providing significant financial benefit and adding to the value of their ZyTax compliance software. FuelQuest's Fuel Center provides outsourced fuel management services on behalf of customers providing significant cost savings for renewable and conventional fuel by using all of the capabilities of FMS including Strategic Sourcing, Invoice Reconciliation, and Tax Determination Engine.

Business processes will become exponentially complex as the renewable energy market expands in number of products, suppliers, supply terminals, and tax requirements. FuelQuest's software and services simplifies the procurement, reconciliation, and tax compliance of renewable products lowering operating expenses and keeping your business up to date with the latest changes in a new market.

### **Greg Salverson**

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Greg brings over 5 years of global software experience for major oil and multinational software companies. Prior to joining FuelQuest, Greg worked for Hewlett Packard. He was based in Singapore leading HP Services SAP level 4 support teams based in India, China, Guadalajara, Germany, and the US. At Hewlett Packard Greg also worked as an SAP FICO developer and support analyst. Prior to Hewlett Packard Greg worked as a Functional Analyst for Chevron-Texaco on their e-foundation project which was an SAP pricing, SAP IS-OIL downstream, and Taxware implementation. Greg holds a BS in Management Information Systems with an emphasis in SAP from California State University, Chico.