Simple/Integrated/Market Margin

About the 3 different “Margins”, if we take the case below :

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The Simple Margin is the margin done between each transaction.
o Ex : Simple Margin from A to B = 10. Simple Margin from B to End Customer = 10.

The Integrated Margin is the cumulated margin from the beginning of the chain.
o Ex : Integrated Margin at A = 10 (same as simple margin since nothing before that)

Integrated Margin at B = 20 because it “integrates” the margins done before.

The idea of integrated margin is to give you, when we sell goods to a customer an idea of the overall margin done at Solvay level, not only the vision at the last entity.
(For example you could have a negative margin between B and end customer, but a large margin between A and B so the group is still getting a good margin).

Unfortunately it’s not possible in the system to simply cumulate the simple margins, so instead the BO system recalculates all the cumulated costs and based on that recalculates the integrated margins :

Basically : Integrated Margin at B = (Sales B to EndCust) – B Costs – A Costs

The “**Market Margin**” is specifically used for the cases of sales between EP and PI GBU inside a legal entity.

Both GBU want to be able to distinguish their own margins, but the normal system doesn’t allow them to do this because usually there is no invoice between them : EP and PI are in the same entity and sometimes even the same plant, so they cannot create invoices.

To solve this BO has a system where EP/PI can upload a “Market Price” agreed between them. The “Market Margin” will therefore be recalculated taking this “Market Price” when there is a transfer of goods between EP and PI.

MONTHLY PROCEDURE for market margin loading by CGI

https://drive.google.com/open?id=0B-X8cIIz-jyla2xmWEs2MndiT1k

CHECK-LIST for Market/Integrated Margin CONTROL

https://drive.google.com/open?id=0B-X8cIIz-jylMlZ4UDVPTTgzX1E