

## **MANAGE ORGANIZATIONAL COSTS AND OPTIMIZE PROFITABILITY**

### ACTION-ORIENTED INSIGHT TO IMPROVE FINANCIAL PERFORMANCE

Most successful organizations have a firm handle on revenue sources and direct costs. But many lack sufficient understanding of how the products they manufacture and the customers they serve consume support services and contribute to other indirect costs. Without detailed visibility into enterprise expenses for sales, distribution, finance, IT, and so forth, it's difficult to measure the financial performance of individual products and customers or make informed decisions that reduce costs and optimize profitability.

Activity-based costing (ABC) has long been recognized as a valuable tool for managing costs and improving performance. When conducted effectively, ABC provides rich insight into enterprise performance and action-oriented information that help managers at any level of the organization use this data as a baseline for strategy development.

#### **Empower Manager and Executive Decision Making**

With the SAP® BusinessObjects™ Profitability and Cost Management application, organizations like yours –

in industries from financial services to the public sector – can increase visibility into enterprise costs. The application helps you align operational resources and capacity with demand. You can thereby increase revenues by focusing on multiple dimensions of your business, including the products, customers, and distribution channels that are most profitable.

The application enables user-friendly, rapid, and efficient modeling. It is a scalable, enterprise-class application that meets business needs from local and regional to global. With reliable, on-demand analysis and scenario modeling, you have deeper insight into the levers affecting costs and profitability at any time. Activity-centric functionality extends the value of profitability and cost management activities. And SAP BusinessObjects Profitability and Cost Management integrates with both SAP and non-SAP solutions for sophisticated, seamless analysis. With comprehensive ABC functionality, the SAP solution provides additional value over and above traditional ABC solutions.

Gain a deep understanding of the levers affecting organizational costs and profitability with the SAP® BusinessObjects™ Profitability and Cost Management application. Identify the causes of underperformance and take action to reduce costs and optimize product, customer, and channel profitability.



### User-Friendly, Rapid, and Efficient Modeling

SAP BusinessObjects Profitability and Cost Management enables visibility into the drivers of cost and profitability with activity-centric, multidimensional modeling and analysis functionality. Employees can build even complex ABC models with an intuitive, user-friendly interface and predefined dimensions then quickly distribute to enterprise users.

Create agile, adaptable analytical models that truly reflect organizational costs and that can be readily maintained, updated, and altered to meet changing business circumstances. The application minimizes the need for external consultants and significant manual maintenance, reducing your total cost of ownership and improving your technology ROI. Powerful functionality enables you to do the following:

- Build models rapidly with a user-friendly interface with “point-and-click” default assignments and reassignments in a predefined multidimensional structure offering unlimited attributes
- Model complex situations across multiple periods and versions with an adaptable rules engine
- Support comprehensive ABC methodologies, including time-split and time-driven costing, with a wizard for writing time equations and calculating other drivers
- Maintain models with minimal effort
- Integrate with Microsoft Office and other third-party reporting and analysis tools

**A Scalable, Enterprise-Class Solution**  
SAP BusinessObjects Profitability and Cost Management is a Web-based application that is scalable to meet business requirements ranging from single-site implementations to global deployments. In addition to scalability,

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the solution is flexible to meet the complexity of your analytical requirements. Perform simple analyses or model complex, high-volume ABC activities with a combination of multidimensional and relational data structures – without compromising accuracy. And you can leverage existing Web infrastructure to deploy the solution across the enterprise for fast and cost-effective implementation. What's more, you can do the following:

- Optimize nonsystem-data collection and reporting for local and remote users with unique Web-based forms and integrated work-management functionality

- Speed remote deployment, minimize training, accelerate user adoption, and increase productivity through Web-based data entry and reporting
- Integrate with global offices using multicurrency and multilingual functionality
- Facilitate configuration and enterprise security and access processes with time- and date-stamped audit-trail functionality
- Eliminate need for local models distributed throughout the organization with centralized model administration and maintenance over the Web
- Export multiple-level results to third-party databases and enable high-volume account and transactional processing

### Reliable, On-Demand What-If Analysis and Scenario Modeling

Having the right information when you need it is critical to making smart, timely business decisions. SAP BusinessObjects Profitability and Cost Management puts valuable data at the fingertips of users across the enterprise, enabling your organization to operate with agility and flexibility. You can model costs at any level in the organization, down to highly granular transaction data.

Instead of relying on batch updates and other slow, inefficient methods, you have competitive advantage with on-demand reporting and analysis. SAP BusinessObjects Profitability and Cost Management will help identify areas for cost improvements, such as instances of waste or high-cost activities, and facilitate proactive decision making to rectify problems.

Improve organizational understanding of how customers contribute to fixed costs – and make more precise decisions on how to grow the business, reengineer products, or reeducate customers on purchasing activities. For example, by having a customer place monthly instead of weekly orders, you can cut costs from the order-to-cash process, saving money for both of you.

Boost user confidence in the accuracy and integrity of ABC results. Enable employees to translate good ideas into action – fast – with collaborative tools, what-if analytical functionality, and the ability to update and share models in real time. SAP BusinessObjects Profitability and Cost Management enables you to:

- Slice and dice data and analysis results, create charts, drill down from summary views to detailed cost data, and link to related budgeting and metrics models
- Perform on-demand queries and what-if analysis on reliable, Web-accessible data, testing out the financial impact of assumptions before committing to them
- Maintain data in a central repository for greater efficiency and control over critical business information

#### Extend the Value of Profitability and Cost Management

SAP BusinessObjects Profitability and Cost Management enables activity-centric performance management in a single application, with functionality that goes beyond costing and profitability reporting. The application facilitates

services costing and cross-charging, as well as driver-based and activity-based planning and budgeting. You can do the following:

- Accurately cross-charge IT and other shared services with predefined dimensions and reiterative reallocation functionality
- Improve transparency with detailed invoices that help users make decisions on shared-services consumption
- Provide essential data to better align shared-services resources with demand and make shared-services departments more efficient and more accountable to the enterprise
- Gain insight into dimensions including the cost and profitability of products, services, customers, and channels for creating planning and budgeting models
- Deliver activity-based planning and budgeting models by changing driver volumes and “back calculating” existing ABC models
- Gain a more iterative understanding of what drives organizational costs with driver-based models
- Rapidly reforecast by updating driver data and aligning operational capacity with demand

#### SAP BusinessObjects EPM Solutions

SAP BusinessObjects Profitability and Cost Management is part of the SAP BusinessObjects enterprise performance management (EPM) solutions – a comprehensive set of solutions that help your company capitalize on the value of your existing data assets.

With these solutions, your organization becomes more agile, gaining organizational alignment, visibility, and greater confidence to give you optimal control and competitive advantage. These solutions can work with SAP Business Suite software; SAP BusinessObjects governance, risk, and compliance solutions; SAP BusinessObjects business intelligence solutions; and SAP BusinessObjects information management solutions. As a result you

The software enables visibility into cost and profitability drivers with activity-centric, multidimensional modeling and analysis functionality. Build complex activity-based costing models with an intuitive interface and pre-defined dimensions.

can maximize business profitability, manage risk and compliance, and optimize corporate systems, people, and processes.

#### Learn More

For more information about how the SAP BusinessObjects Profitability and Cost Management can improve your financial performance, call your SAP representative today or visit us on the Web at [www.sap.com/sapbusinessobjects/profitability\\_and\\_cost\\_management](http://www.sap.com/sapbusinessobjects/profitability_and_cost_management).

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## Summary

Gain a deep understanding of the levers affecting organizational costs and profitability with the SAP BusinessObjects™ Profitability and Cost Management application. Identify underlying causes of underperformance, test potential impacts of changes, and take incisive action to reduce costs and optimize profitability of products, customers, and channels.

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## Business Challenges

- Limited visibility into cost and profitability details and dimensions
- Inefficient cost reporting that fails to provide insights for improving financial performance
- Lack of transparency into cross-charges and insufficient insight into cost of support services
- Annual budgets that are disconnected from operational reality

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## Key Features

- **Activity-based costing** – Make informed management decisions that optimize customer and product profitability, reduce the cost to serve, and optimize cost of key processes
- **Shared-services costing and cross-charging** – Align resources and capacities with demand, reduce delivery costs, and gain process transparency
- **On-demand, what-if scenario analysis** – Deliver activity-based and driver-based planning and budgeting models
- **Dynamic monitoring** – Gain visibility into the drivers of cost and profitability

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## Business Benefits

- **Visibility** into the true drivers impacting costs and profitability, including IT shared services, via a user-friendly interface
- **Optimized costs and profitability** thanks to a detailed understanding of multidimensional drivers such as product, service, customer, and channel
- **Alignment** by matching of operational capacity and support functions with demand for flawless execution of strategy
- **Incisive decision making** due to rapid identification of underlying causes of changes in organizational cost and profitability, with the capability to test the impact of potential adjustments

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## For More Information

Call your SAP representative or visit us online at [www.sap.com/sapbusinessobjects/profitability\\_and\\_cost\\_management](http://www.sap.com/sapbusinessobjects/profitability_and_cost_management).

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