



## SAS® Activity-Based Management

Providing insight for effective customer marketing, customer and product strategies, and improved business performance

### Overview

BusinessWeek research indicates that less than half of the C-suite understands what drives cost, profit and value in their businesses. Time that could be better spent analyzing problems and brainstorming options is wasted defending turf and arguing about allocations of indirect costs and whether or not this or that report presents a true picture of customer or product profitability.

The reason is that most organizations still rely on traditional accounting systems to answer such questions as: Who are our most and least profitable customers? What are our most profitable products or services? Are we offering the right product mix to the right customers? Are our resources allocated effectively? And so on.

Because traditional accounting systems were designed primarily to fulfill external reporting requirements, these systems are incapable of delivering the intelligence you need about the business processes, cost flows and cost drivers that have a profound effect on your organization's bottom-line performance.

As a result, using these systems to answer questions like those above will yield answers that are inaccurate and misleading. And as you know, the decisions you make are only as good as the information you use to make them.



### Challenges

- **Reliance on traditional accounting systems.** Traditional systems cannot deliver intelligence about business processes, cost flows and cost drivers.
- **Lack of fact-based data.** Organizations may have a “gut feel” that production or operational costs are too high in a given area, but lack fact-based data to benchmark those processes across their business or industry sector.
- **Inaccurate cost allocations.** Traditional cost systems cannot allocate nonstandard costs, such as excessive engineering, quality, bid, re-work, marketing programs or sales incentives, to the particular product or customer driving these costs.

You need a system that gives you the level of detail necessary to make accurate, insightful decisions that will improve your organization's financial performance – one that provides accurate financial information in a form that mirrors the day-to-day activities of people, processes and resources. You need **SAS® Activity-Based Management.**



## ■ The Solution

### SAS Activity-Based Management

delivers unmatched financial intelligence that gives you the power to maximize profits, contain costs, improve operational efficiencies and accurately predict future costs and resource requirements.

With SAS Activity-Based Management, you can:

- Identify your most and least profitable customers, products and channels.
- Determine the true contributors to – and detractors from – financial performance.
- Accurately predict costs, profits and resource requirements associated with changes in production volumes, organizational structure and resource costs.
- Easily identify the root causes of downstream customer and product cost problems.
- Track costs of activities and work processes as they move through the organization.
- Provide shared-service organizations (e.g., your IT department) with a clear understanding of costs so budgets and resource allocations can be more accurately determined.
- Equip managers with cost intelligence to drive improvement.

## Benefits

SAS Activity-Based Management enables you to make informed, fact-based decisions that will lead to improved performance, greater profitability and a solid competitive edge.

Because the solution delivers cost and profit intelligence at an operational level, managers can drill down into any product, customer or service area to identify the costs associated with underlying business processes. In addition, managers will be able to recognize the chain of events that trigger costs related to people, materials, equipment and facilities, giving them a true understanding of the cause-and-effect relationships that link resources and processes to outputs.

### Drive Strategic and Operational Decision Making

SAS Activity-Based Management lets you identify, analyze and manage the key cost drivers of customer, product, service or business processes, so you can see how they affect the bottom line. With the solution, you can:

- **Make confident decisions** about pricing, product, customer mix, resource allocation and budgeting decisions.
- **Determine your most and least profitable customers**, products and channels.

- **Maximize profitability** by making informed decisions on how to deploy your organizational resources.
- **Steer your business toward profitable business segments** while making strategic decisions about unprofitable segments.
- **Give shared-service organizations an accurate picture** of their relationships, so they can both understand and justify resources consumed by internal customers.
- **Understand the impacts of costs from different business segments** so you can quickly adjust strategic direction, align divisional goals accordingly and drive profitability improvements.

### Identify and Act on Opportunities for Improvement

SAS Activity-Based Management delivers cost intelligence at an operational level, enabling your managers to drill into any product, customer or service area to see the costs of underlying business processes. By uncovering these costs, your operational managers are equipped to explore cost reduction opportunities that deliver a sustainable, significant competitive advantage. The solution also enables you to:

- **Follow the chain of events that generate costs incurred** for people, materials, equipment and facilities.

- **Understand the cause-and-effect relationships** that link resources and processes to outputs.
- **Improve the agility of business processes**, detect potential problems and identify opportunities for improvement.
- **Deploy cost intelligence to your operational managers**, who can then turn opportunities for improvement into action.

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### **Predict Future Costs, Profits and Resource Requirements**

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With production volumes, organizational structure and resource costs constantly changing, it is more difficult than ever to accurately predict future financial results. SAS Activity-Based Management provides the intelligence necessary to:

- **Test performance improvement initiatives** for financial and operational viability before they are implemented.
- **Compare future scenarios** to reliably predict financial performance, resource requirements and organizational capacity.
- **Manage execution** of strategic directives accordingly.

## **Capabilities**

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SAS Activity-Based Management – the most complete end-to-end solution available – transforms activity-based data into meaningful financial intelligence, giving you a competitive advantage in your market. SAS Activity-Based Management includes:

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### **Robust Interface for Decision Makers**

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Get the answers to financial performance and their underlying causes into the hands of your organization's key leaders. With the technical ability and breadth of offering unmatched by any other vendor, SAS Activity-Based Management is a Web-enabled, client/server product that delivers information via LAN or Internet. Results from SAS Activity-Based Management can also be presented in conjunction with outputs from other SAS solutions.

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### **Powerful Analysis and Reporting**

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With SAS Activity-Based Management, you get all the analysis and reporting capabilities you need to perform on-screen, multidimensional profit and cost analysis and create customized activity-based reports. Additionally, users can drill down from a product or customer and see the contributors of cost starting at the business process level, all the way to general ledger accounts.

## **The SAS® Difference**

- **Support for multiple costing and management methods.** SAS supports hundreds of costing methods and theories – both top-down and bottom-up – allowing you flexibility in modeling the way your business is designed.
- **Scalability and reporting frequency.** Scalable up to 100 million customers and a billion transactions, enabling the calculation of profitability at a detailed level for substantial volumes of cost drivers and transactions that was never before possible.
- **Managing profit as a performance metric.** With SAS, you can actively manage profit as a performance metric, setting budgets and targets based directly on profitability, not just sales levels – and not just measured at the enterprise level, but also down through divisions and departments to the product, customer and channel levels.

## Flexible, Open Business Modeling

SAS Activity-Based Management delivers the most advanced activity-based modeling capabilities on the market, supporting a rich set of modeling features and a highly scalable model architecture. In addition, the solution also allows you to create adjustable model structures and assign, review and modify cost relationships visually.

## Complete Data Warehousing Capabilities

SAS Activity-Based Management utilizes the most comprehensive data warehousing capabilities on the market today. As the leading data warehousing solution provider and the only vendor with more than 30 years of experience and expertise in information management, SAS brings to the table the most powerful ETL capabilities available and simplifies the ongoing operation of a data warehouse environment through unique process management capabilities.

SAS enhances the traditional ETL process with value-added data quality technologies and an intuitive interface that simplifies warehouse maintenance and enables you to perform data extraction, data transformation and data loading – all from one vantage point.

## Expertise You Can Count on – Today and Tomorrow

SAS Activity-Based Management offers unparalleled domain expertise, as well as continuous improvement of the industry-leading activity modeling and analysis platform. With more than three decades of experience, SAS has long been recognized as the provider of the most reliable, proven analytical expertise in the world and has generated the resources, leadership, implementation experience and training capabilities that lead the ABM market.

Our expertise ensures that your ABM implementation follows best practices, and delivers results and useful cost intelligence. The result: a quick competitive advantage.

Our award-winning solutions are designed to handle the pains associated with the various lines of business and multiple siloed data sources that are characteristic of today's organizations. We provide the global support and "localized" solutions that organizations operating on the world stage require.

Whether you're focused on one facet of your business or committed to improving performance throughout your enterprise, SAS intelligence can help you maximize profitability, manage risk, achieve competitive advantage and move your business forward with greater confidence and clarity.

## About SAS

SAS is the leader in business analytics software and services, and the largest independent vendor in the business intelligence market. Through innovative solutions delivered within an integrated framework, SAS helps customers at more than 45,000 sites improve performance and deliver value by making better decisions faster. Since 1976 SAS has been giving customers around the world THE POWER TO KNOW®.

**[www.sas.com](http://www.sas.com)**



**SAS Institute Inc. World Headquarters +1 919 677 8000**

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