



Veerle Roobroeck
ABC Controller
Deceuninck NV

A NEW WINDOW ON COST ALLOCATION

Staying on top in a market where profit margins are continuously decreasing. This is the challenge facing the Deceuninck Group. An important first step in successfully retaining the top spot is a detailed insight into the cost structure of each product and business group. Not an easy task for a complex multinational. That is why they turned to SAS® Activity-Based Management.

Business Issue

Assign costs to the right activities.

Solution

SAS® Activity-Based Management.

Benefits

Detailed insight in the cost structure of each product and business group allows management to make the right strategic decisions.

SAS GIVES INSIGHT IN WHERE PROFITS COME FROM

Detailed insight in a complex entity

The Deceuninck Group has experienced tremendous growth over the last couple of years. Acquiring subsidiaries, opening production facilities, and attracting suppliers all over the world has increased the group's complexity. This has been felt in every aspect of their business.

"This is especially the case when cost allocation is concerned," says Veerle Roobroeck, Activity Based Costing (ABC) Controller. "We have always been a profitable company. But it wasn't always easy to determine where our profit was coming from. Such insight is absolutely crucial in a market where margins are under increasing pressure. That is why we needed to find out which costs are specific to producing a particular article. Are they necessary? And how much do they represent in the cost structure?"

Increasing profitability in all aspects

SAS® Activity-Based Management answers these questions. "With this tool we can assign costs rapidly to the correct activities with just a few clicks of the mouse," observes Ms Roobroeck. "And we can do this without having

to go through a vast list of tens of thousands of activities."

"We can even simulate the costs of new products or production methods. What's more, it enables us to generate a complete and detailed cost overview for each product line, sales subsidiary, and customer," Ms Roobroeck continues. "Such information is highly valued by management. It creates the ideal basis to make the right strategic decisions."

About Deceuninck Group

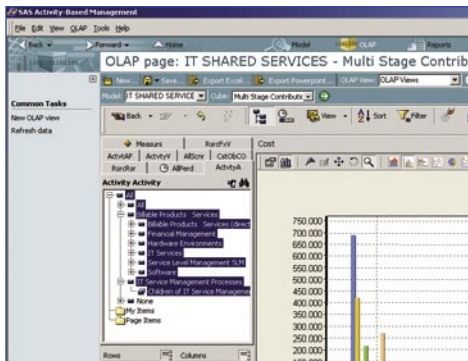
The Deceuninck Group has positioned itself firmly among the world's top producers of fenestration and non-fenestration profiles for the construction industry. The group is the market leader in several European countries. It employs approximately 3,000 people in 31 production and/or sales subsidiaries throughout Europe, North-America, and Asia. In 2005, the Group realized a turnover of 643.7 million Euro.

“SAS® Activity-Based Management gives us more than just a detailed view on all costs and wages. It enables us to evaluate our sales subsidiaries, production lines, and customers. In short, this tool is strategically important to management.”

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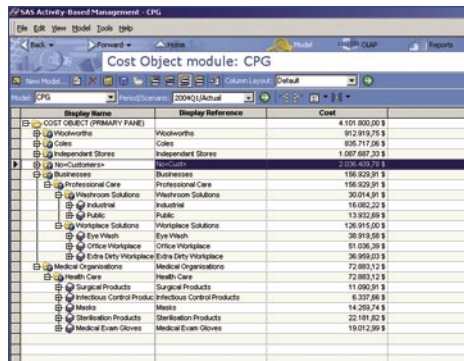
REPORTS THAT SPEAK FOR THEMSELVES

Cutting the right costs



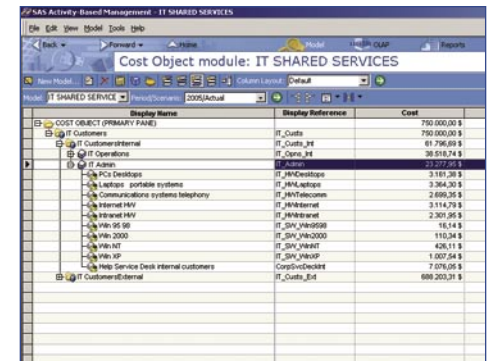
SAS® Activity-Based Management helps identify the major cost centers in producing, marketing, and transporting a particular product. The Deceuninck Group for instance discovered it would profit from replacing foil as a packaging material for its products. This has both cost and customer service implications. Research revealed that customers would appreciate a packaging material that was easier to remove.

Improving business strategies



How do you accurately evaluate the performance of business units? SAS® Activity-Based Management makes this possible. Wages and other operational costs can easily be assigned to each subsidiary, which can then be compared to the income generated. With this information, better strategies can be developed when and where necessary.

Finding the right customer



Which customers generate the highest profit margins? SAS® Activity-Based Management enables the assignment of precise production, transportation, and product handling costs to customers. This information can cast a whole new light on how to address and service customers. And maybe even generate a new method of customer segmentation.

Why Deceuninck Group chose SAS® Activity-Based Management

- The tool enables staff to rapidly and easily assign costs to the right activities
- The built-in reporting tool enables static and ad hoc reports and visualizes them in a well-organized manner
- The system is easily integrated with external software such as accounting programs, and allows easy export of data
- Management can make decisions based on accurate and objective information



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