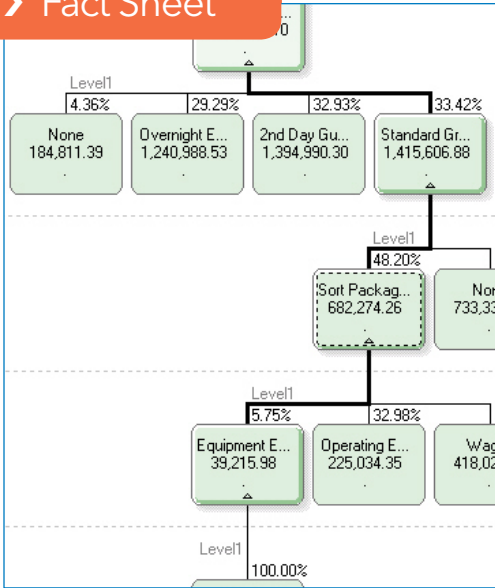


> Fact Sheet



What does SAS® Cost and Profitability Management do?

SAS Cost and Profitability Management is an analytic application that models business processes to determine cost and profitability, as well as what drives them. The solution provides answers to questions about precise process or activity costs, and the profitability of customers, products and distribution channels.

Why is SAS® Cost and Profitability Management important?

Less than half of the C-suite understands what drives cost, profit and value in their business – SAS provides exactly those insights. Having this detailed knowledge leads to better decisions and enables you to manage profit as a performance metric at all organization levels.

For whom is SAS® Cost and Profitability Management designed?

- Finance and operations managers who must understand cost, process and profitability.
- Sales and marketing executives who need to determine the financial value of customers.
- Business heads responsible for operational efficiency, process improvement and resource or capacity management.

SAS® Cost and Profitability Management

Accurately determine the real cost of doing business

Activity-based costing (ABC) is a proven methodology that accurately measures the cost and performance of resources, activities and cost objects (outputs). Cost and profitability management is the application of ABC to help an organization maximize the value of its products, services and customers.

Cost and profitability management (also known as activity-based management) has been widely adopted today because it provides an accurate picture of the real cost of doing business. It measures how well the components of your business – products, services, processes and customers – contribute value to your organization.

Equipped with such quantitative insights, managers and executives can make informed decisions to manage resources, optimize processes, create effective marketing strategies and improve performance.

Despite its growing popularity, traditional cost and profitability management solutions, which are mainly focused on modeling, do not offer much-needed capabilities for systems integration, data management, data cleansing, and reporting and analysis to support ongoing business initiatives across the entire organization.

SAS Cost and Profitability Management moves beyond typical cost and profitability management tools by combining visual business modeling with advanced reporting/analysis and powerful data management. This combination lets you surpass project-based cost management and use activity-based information as a critical source of intelligence to support performance management initiatives.

Benefits

- **Manage costs and improve processes.** SAS Cost and Profitability Management helps organizations identify opportunities to control cost and improve process efficiency by determining the “true” cost of a product, process or service.
- **Employ high-performance, in-memory modeling** to rapidly identify issues and gain insight into questions such as: “Is there a weak link in the supply chain? Do we have significant pockets of idle resources or underutilized capacity? How do the functions within our regions and branches compare with each other and across the industry?”
- **Understand profitability drivers within your organization.** With costs captured at the activity and transaction levels, you can assign them, along with revenues, to different dimensions – e.g., products, organizations and services – to evaluate the impact of those costs on your P&L and accurately measure their profitability.

- **Identify your most valuable customers.**

Model the cost to serve customers at the transaction level to produce profitability analysis and P&L reporting by customer or customer segment, including the “profit cliff,” which visually segments and distinguishes those customers contributing to overall profit from those who are eroding it. Then target your marketing strategy and resources toward acquiring, retaining, migrating and growing those profitable customers.

- **Predict resource and capacity needs.**

With the consumption-driven modeling methods in SAS Cost and Profitability Management, you can accurately predict the resource implications of changes in output demand including measurement of unused capacity, activity-based budgeting, what-if scenarios and simulation analysis.

- **Use profitability as a metric.** Increase visibility of your profitability measurement at the division, department, channel and product and customer levels to tie financial metrics and KPIs to strategy.

Overview

Market-leading activity-based costing and profitability measurement

SAS Cost and Profitability Management enables you to 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. You can conduct what-if analysis for resource planning and perform activity-based budgeting.

The solution’s costing capabilities also allow you to calculate profitability contributions from business segments, such as products, customers, channels and organizations.

Intuitive, powerful modeling environment

The modeling environment in SAS Cost and Profitability Management is fully multidimensional. It gives you the ability to create accounts using multiple dimensions in all modules. By combining wizard-driven, point-and-click and drag-and-drop model navigation with this complete dimensionality, the solution allows business users to easily perform sophisticated cost modeling and profitability analysis.

User-defined, rules-based drivers save considerable time by automating the standard manual creation of assignments. The modeler still has full control over techniques, rule use, ETL processes and assignment creation.

High-performance, in-memory processing allows you to run and modify models an order of magnitude faster than with standard technology. Complex models that used to take hours (or overnight) to update can now be run in a mere fraction of that time.

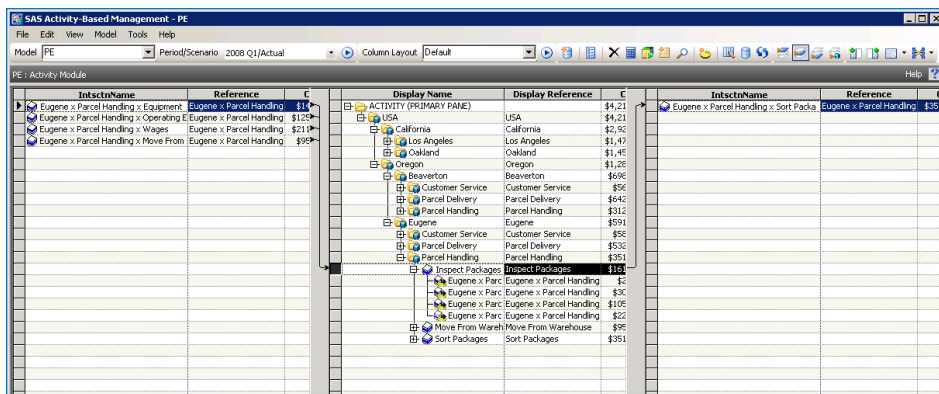


Figure 1: A three-panel view lets you model and flow costs from source to destination through each activity.

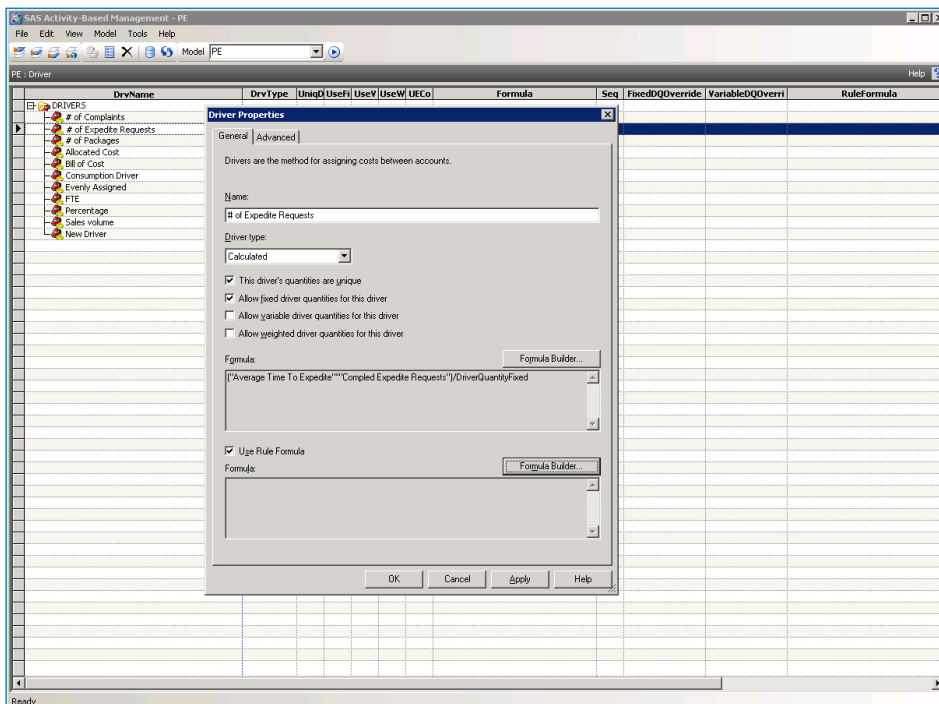


Figure 2: Wizard-driven, point-and-click and drag-and-drop navigation and model creation.

SAS Cost and Profitability Management is not tied to a specific costing methodology – it supports hundreds of costing methods and theories, including top-down (full absorption, CAM-I, quantity-based assignment, single stage) or bottom-up (rate-based, time-based, event-based, time-driven, bill-of-cost, external unit, activity-based budgeting, activity-based planning, consumption-rate modeling). This approach allows flexibility in modeling the way your business is designed.

The solution also includes multilevel contribution reporting, full trace-back analysis and integration with SAS Add-In for Microsoft Office, which lets you view results dynamically in Word, Excel or PowerPoint.

Integration with other SAS® solutions

SAS offers the most complete suite of performance management solutions available. You can develop corporate strategy and improve the performance of finance, sales and marketing, IT, HR and more. All these SAS solutions are built on the same platform and can share metadata and data mart content seamlessly. For example, the interface between SAS Cost and Profitability Management and SAS Strategy Management (our solution for scorecards and strategy maps) helps you select and publish cost and profitability metrics directly to a dashboard or scorecard.

Key Features

Flexible and scalable modeling

- High-performance, in-memory processing allows you to run and modify models an order of magnitude faster than with standard, write-to-disk technology. Complex models that used to take hours or overnight to update can now be run in a fraction of the time.
- Rapidly create what-if scenarios that can vary costs, drivers, volumes and even workflows.
- Client-server, web-enabled, multiuser architecture, scalable to meet complex modeling needs:
 - Support for multiple concurrent modeling sessions.
 - Centrally managed server with role-based security.
- Model database independence. You can use Microsoft SQL Server or Oracle.
- User-defined dimensions with various periods and scenario combinations.
- Intuitive modeling user interface:
 - Workspace to manage models, reports and OLAP views.
 - Visual point-and-click assignment creation and views.
 - Drag-and-drop control of dimension member hierarchies.
 - Wizards with step-by-step guidance on building models.
- Modeling method independence, including top-down, quantity-based assignment or bottom-up, consumption-rate modeling.

Advanced costing and profitability calculation

- Dimensional profitability analysis. Calculate and report profitability contributions to business segments, such as product, customer and organization.
- Rules-based driver:
 - User-defined rules automate the creation of the most common assignments, saving considerable time versus manual creation of each assignment.
 - Modeler still has full control over rule use, ETL processes and assignment creation.
- Capacity costing, modeling and activity-based budgeting:
 - Model available capacity versus used or idle capacity.
 - Conduct what-if analysis for resource planning.
- Account search to help you find dimension members within a deep hierarchy or search accounts with no cost/assignment or attributes.
- Intramodular and reciprocal cost assignments:
 - Assign costs in the same module.
 - Allow flexible cost pooling and flowing.
 - Simultaneous, two-way cost assignment between accounts.
 - Trace detailed cost flows.
- Advanced drivers and attributes:
 - Basic, evenly assigned, percentage, weighted, sequencing, bill-of-cost, sales volume and calculated drivers.
 - Text, numeric, calculated and dimensional attributes for reporting and analysis.
- External and internal bills of cost that can be linked directly to an account.

Analysis and reporting

- Integration with SAS Visual Analytics lets you jump immediately from model output to a powerful visual toolkit of analysis and exploration.
- Complete SAS Business Intelligence capabilities:
 - Web-based reporting, query, analysis and deployment.
 - Self-service reporting and analysis.

Key Features (continued)

To learn more about SAS Cost and Profitability Management system requirements, download white papers, view screenshots and see other related material, please visit sas.com/cpm.

- Seamless data sharing with SAS Strategy Management allows you to use score-card metrics as drivers and measures, and to identify activity-based management measures and publish them as metric tables.
- Dynamic creation of OLAP cubes for multidimensional data analysis.
- Standard reporting templates, including idle capacity, unit cost, P&L, profit cliff, module hierarchy, multilevel contribution, resource contribution, unassigned cost.
- Integration with SAS Add-In for Microsoft Office, which allows you to directly access the SAS Cost and Profitability Management database through Excel for reporting and analysis.

Data management

- Data warehousing or data mart capability.
- Automated, repeatable process for pulling volumes of data into and from activity-based models.
- Embedded data quality processes.
- The SAS services API allows you to import DBMS staging tables, automate model creation and maintenance, and import/export data to and from another DBMS.
- Ability to read from/write to nearly any data on any technology platform in batch and real time.

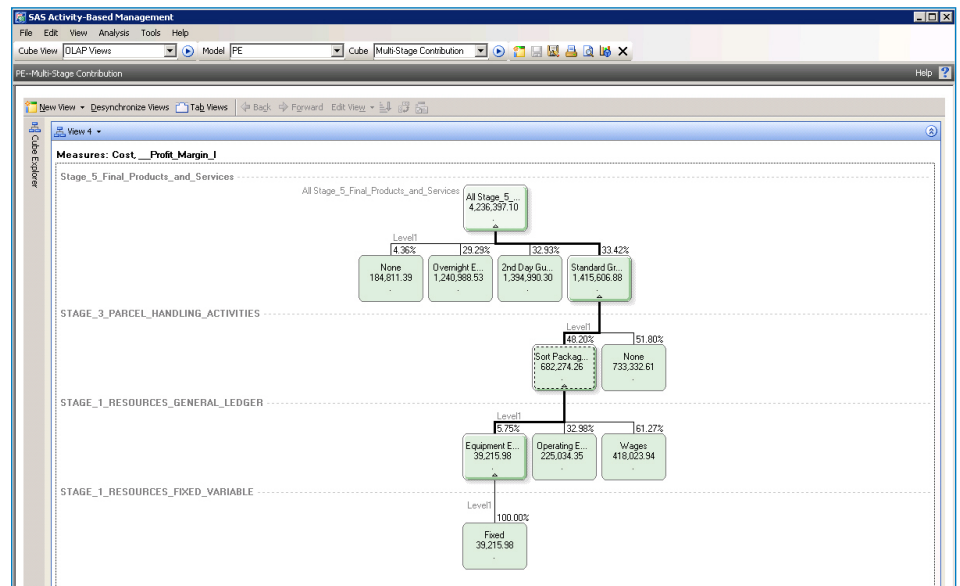


Figure 3: Drill-down capability lets you track cost flows back through activities to the resources consumed, and vice versa.