



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, rework, marketing programs or sales incentives, to the particular product or customer driving these costs.

SAS® Cost and Profitability Management

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

Overview

Bloomberg 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.

This happens because most organizations still rely on traditional accounting systems to answer questions like: *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?*

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.

The Solution

SAS Cost and Profitability 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 Cost and Profitability 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, workflows 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 improvements.

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.

With SAS Cost and Profitability Management, you'll get the level of detail about people, processes and resources needed to make accurate decisions that will improve your organization's financial performance.

Benefits

SAS Cost and Profitability 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 Cost and Profitability 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 mix, resource allocation and budgeting decisions.
- Determine your most and least profitable customers, products and channels.
- Identify cost bottlenecks, rework and non-value-added activities. Use what-if analysis to model and simulate how changes in "driver" volumes affect costs, profit and resource requirements.

- Maximize profitability by making informed decisions on how to deploy your organizational resources, quickly adjust strategic direction, align divisional goals accordingly and drive profitability improvements.
- 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.
- Use profit as a metric to increase visibility of your profitability measurement down to the division, department, channel, and product and customer level to tie financial metrics and KPIs to strategy.

Identify and Act on Opportunities for Improvement

SAS Cost and Profitability 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:

- 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?"
- 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.

Predict Future Costs, Profits and Resource Requirements

With production volumes, organizational structure and resource costs constantly changing, it is more difficult than ever to

- Make confident decisions about pricing, product and customer mix.
- Determine your most and least profitable customers.
- Identify cost bottlenecks, rework and non-value-added activities.
- Use profit as a metric to increase visibility of your profitability measurement.

accurately predict future financial results. SAS Cost and Profitability 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

SAS Cost and Profitability Management – the most complete solution available – transforms cost and profitability data into meaningful financial intelligence, giving you a competitive advantage in your market. SAS Cost and Profitability Management includes:

High-performance, in-memory processing

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 mere fraction of that time.

Robust Interface for Decision Makers

Get the answers to financial performance and its 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 Cost and Profitability Management is a web-enabled, client/server product that delivers information via LAN or Internet. Results from SAS Cost and Profitability Management can also be presented along with outputs from other SAS solutions.

Powerful Analysis and Reporting

With SAS Cost and Profitability 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.

Integration with SAS Visual Analytics lets you jump immediately from model output to a powerful visual toolkit of analysis and exploration.

Flexible, Open Business Modeling

SAS Cost and Profitability Management delivers the most advanced cost and profitability modeling capabilities on the market, supporting a rich set of modeling features and a highly scalable model architecture. In addition, the solution allows you to create adjustable models and assign, review and modify cost relationships visually, including the ability to rapidly create what-if scenarios and simulations, varying costs, drivers, volumes and workflows.

Complete Data Warehousing Capabilities

SAS Cost and Profitability 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 information management experience and expertise, SAS delivers the most powerful ETL capabilities available and simplifies ongoing data warehouse operation 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, transformation and loading from a single point.

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** – millions of 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.

Expertise You Can Count On – Today and Tomorrow

SAS Cost and Profitability 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. SAS has the resources, leadership, implementation experience and training capabilities that lead the activity-based costing (ABC) and activity-based management (ABM) market.

Therefore, your ABM implementation will follow best practices and deliver 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 70,000 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®. sas.com