

SAP® BusinessObjects™ PROFITABILITY AND COST MANAGEMENT

MANAGE ORGANIZATIONAL COSTS
AND OPTIMIZE PROFITABILITY



Many organizations fail to take advantage of data that already exists in enterprise software solutions to deepen their understanding of how the products they make and sell contribute to indirect costs and consume support services. Without detailed visibility into enterprise expenses for IT, HR, sales, distribution, finance, and so forth, it's difficult to measure the financial performance of individual products, customers, and channels. Now you can gain a wider understanding of the levers affecting organizational costs and profitability with the SAP® BusinessObjects™ Profitability and Cost Management application.

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EXECUTIVE SUMMARY

A POWERFUL, USER-FRIENDLY, ACTIVITY-BASED COSTING SOLUTION

In a business environment where profitable revenue growth and market expansion present difficult challenges, organizations like yours look to reduce costs and increase focus on profitable products and customers to add value to the enterprise. Most successful organizations have a firm handle on revenue sources and direct costs. But many lack sufficient understanding of how product offerings and customers consume support services and contribute to other indirect costs.

Without detailed visibility into enterprise expenses from finance to fulfillment, it's difficult to measure the financial performance of individual products and customers or make informed decisions that reduce costs and optimize profitability. Companies face a number of hurdles to improving this visibility. In performing profitability and cost analysis, many don't sufficiently account for fixed costs, wind up with off-base customer profitability numbers, and fail to identify underperforming assets and non-value-added activities.

Leading companies are focusing on activity-based costing analysis to provide the management insight needed to add value to the enterprise. This has long been recognized as a valuable tool for managing costs and improving performance. But many organizations are unable to take full advantage of the information that analysis of activity costs provides. Reasons for this include inadequate data collection techniques, limitations of modeling capabilities, lack of ability to scale, and internally developed solutions that are onerous to maintain and incapable of reporting with the necessary frequency. As a result, companies often miss opportunities for activity-based costing to make a positive impact on the business.

When conducted effectively, analysis of activity costs provides insight into enterprise performance and enables employees across the enterprise to take action and contribute to improving cost and profitability management. Companies like yours can gain a wide understanding of the levers affecting organizational costs and profitability with the SAP® BusinessObjects™ Profitability and Cost Management application.



With the application, you can drill down from summary results to a highly granular, transactional level of data and take advantage of sophisticated reporting functionality. You can assess the impact of different business scenarios and actions before committing to changes.

DRIVE FINANCIAL EXCELLENCE AND COMPETITIVE ADVANTAGE

ACTION-ORIENTED INSIGHT TO IMPROVE PERFORMANCE

With SAP BusinessObjects Profitability and Cost Management, part of the SAP BusinessObjects portfolio of solutions, organizations in industries from financial services to the public sector can increase visibility into enterprise costs and profitability. The application provides data and insight into enterprise performance that can help align operational resources and capacity with demand. As a result, you can optimize financial performance by focusing on those products, services, customers, distribution channels, and other dimensions of the business that are most profitable.

SAP BusinessObjects Profitability and Cost Management empowers decision makers throughout the enterprise, putting information at their fingertips and enabling user-friendly, fast, efficient, and powerful modeling. The application is scalable to suit your needs and is designed for quick deployment with minimal effort. Web-based data collection and integrated work management means nonsystem driver data can be collected efficiently and models refreshed frequently, so reports always reflect the most recent data. Web-based analysis and reporting functionality allows you to distribute results quickly and easily to a dispersed community of users, enabling more incisive decisions that drive financial excellence.

SAP BusinessObjects Profitability and Cost Management enables visibility into cost and profitability drivers with activity-centric, multidimensional modeling and analysis functionality. Modelers can build complex activity-based costing models with an intuitive, user-friendly interface and predefined dimensions.

With the application, you can drill down from summary results to a highly granular, transactional level of data and take advantage of sophisticated reporting functionality. You can assess the impact of different business scenarios and actions before committing to changes. SAP BusinessObjects Profitability and Cost Management provides rich insight into enterprise performance, delivering action-oriented information that enables you to develop and execute strategies through incisive decision making. You can realize the following business benefits:

- Gain visibility and insight into the true drivers affecting costs and profitability

- Optimize costs and profitability by making action-oriented decisions based on trusted data and analysis
- Tightly align operational capacity and support functions with demand for services and corporate strategic goals
- Enable incisive decision making by rapidly identifying operational changes that impact costs and profitability, with the ability to test assumptions before committing to them

The Goal of Activity-Based Costing

Manufacturing products, providing services, and delivering them through various channels consume company resources and drive enterprise costs. The modeling of activity costs allows companies to assign costs to the discrete activities involved in these everyday operations and, ultimately, to their associated cost objects such as products and customers.

With the activity-based costing approach, organizations can develop valid, realistic economic cost models that accurately reflect the relationships between expenses and cost objects. By tracking costs and revenues through activities with a multidimensional approach, you can develop a more detailed, accurate, and useful understanding of profitability.

Key Advantages

The following summarizes the key advantages of the application – how it can help you identify the causes of underperformance; take action to reduce costs; and optimize product, customer, and channel profitability.

User-friendly, efficient tools for rapid modeling – SAP BusinessObjects Profitability and Cost Management enables visibility into the drivers of cost and profitability with activity-centric, multidimensional modeling and analysis functionality. Modelers across the enterprise can build even complex activity-based costing models with an intuitive, user-friendly interface and predefined dimensions.

A scalable enterprise-class solution – SAP BusinessObjects Profitability and Cost Management is Web-based and scalable to meet business requirements ranging from single-site implementations to global deployments. In addition, the application is flexible to meet the complexity of your analytical requirements.

Reliable, on-demand what-if analysis and scenario modeling – SAP BusinessObjects Profitability and Cost Management helps identify areas for cost improvements and facilitates proactive actions to rectify problems. You can 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.

Extending 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, along with driver-based and activity-based planning and budgeting, enabling you to cross-charge IT and other shared services accurately with predefined dimensions and reiterative reallocation functionality.

A Multidimensional Approach to Activity-Based Costing

SAP BusinessObjects Profitability and Cost Management gives you the freedom to choose one or a combination of the most appropriate activity-based costing assignment methodologies for each responsibility center and activity: time-split, time-capture, and time-driven. You can drill down to the most granular level to analyze profitability of individual customer accounts, sales order line, or SKU. Use multidimensional analysis to look beyond customer-level data for

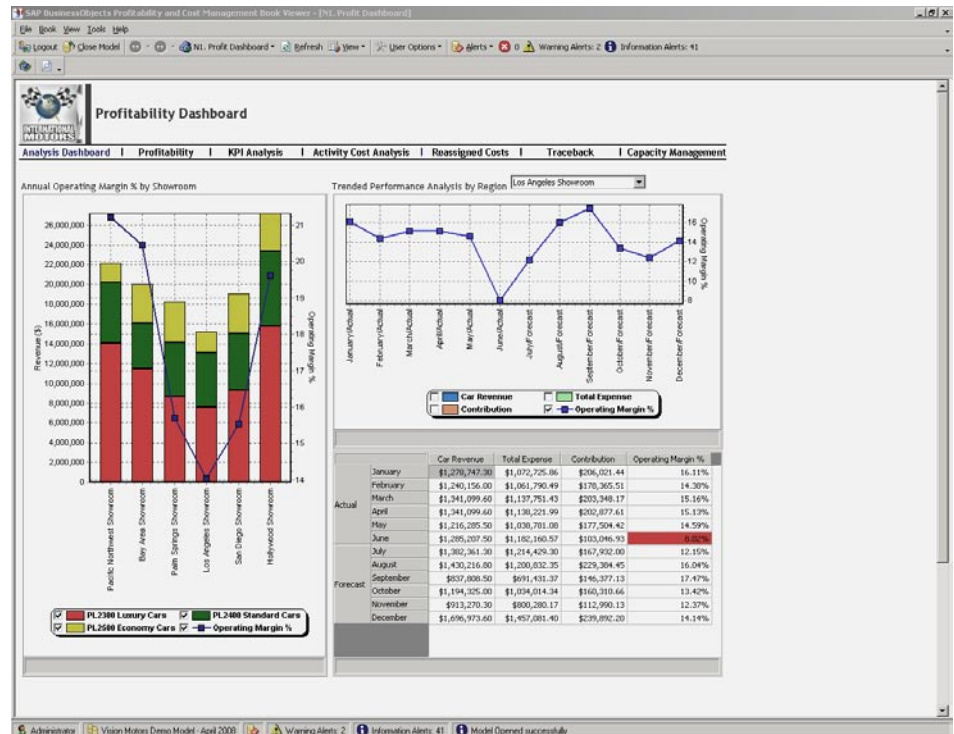


Figure 1: Example of an Application-Generated Executive Profitability Dashboard

visibility into what products are being purchased, which are the most profitable, which delivery channels are being used, and the costs of each transaction delivered through each channel. Cost and profitability information can be presented to managers and users through fully configurable Web books and reports, either in the form of an executive dashboard (see Figure 1) or in more detailed grids and charts.

The application allows you to take a two-pronged, integrated approach to analysis of activity costs:

- Develop a deeper understanding of customers, their current profitability, and what behavior influences their current profitability
- Gain insight into what actions to take that will improve customer profitability in the future

With the application, you can drill down into customer data to measure profitability more accurately, instead of being limited to information from sources such as general-ledger line-item entries. This helps you identify how different customer behavior influences cost and profitability. By gaining a better understanding of how resources are consumed, the enterprise can assign costs based on the consumption of resources – instead of on outdated and perhaps unreliable estimates.

The application provides additional value beyond that of traditional activity-based costing solutions. SAP BusinessObjects Profitability and Cost Management answers a significant challenge with Web-enabled, automated functionality to reduce the amount of time and cost involved in collecting nonsystem data. It enables activity-based costing activities that allow you to do the following:

- Rapidly and cost-effectively deploy activity analysis functionality to contributors throughout the enterprise with a Web-based interface and Web deployment
- Facilitate process control with integrated work management tools that automatically monitor data entry, validation, and authorization
- Employ multiple activity-based costing methodologies, including time-driven activity-based costing, to suit your organization's needs
- Predict fixed and variable costs with multiple scenarios using sophisticated driver analysis and activity-based budgeting



SAP BusinessObjects Profitability and Cost Management empowers decision makers throughout the enterprise, putting information at their fingertips and enabling user-friendly, fast, efficient, and powerful modeling.

KEY FUNCTIONS OF THE APPLICATION

BEYOND TRADITIONAL ACTIVITY-BASED COSTING

User-Friendly, Efficient Tools for Rapid Modeling

SAP BusinessObjects Profitability and Cost Management is built with pre-defined dimensionality specifically optimized for activity-based costing. This means fast, efficient, multidimensional model building for users across the organization. You can build models with multiple versions, periods, and currencies, with up to five core cost-object dimensions and attributes for unlimited grouping and alternate hierarchies.

Take advantage of specific revenue and services dimensions that provide the suppliers of shared services within organizations – such as IT, legal, and HR – with the ability to cross-charge internal business users accurately for consumption of services. The specific revenue and services dimensions also enable better-informed strategic discussions concerning services demand, forecasts, and plans. In addition, a flexible rules engine and point-and-click assignment functionality across multiple dimensions provide modelers with an intuitive user interface to build models rapidly and maintain them with relative ease (see Figure 2). The application has sophisticated cell-level security features and user-friendly model-control functionality to manage access and version control.

You can create analytical models that truly reflect organizational costs and that can be easily maintained, updated, and adapted to meet changing business circumstances. The application minimizes the need for external consultants and significant manual maintenance,

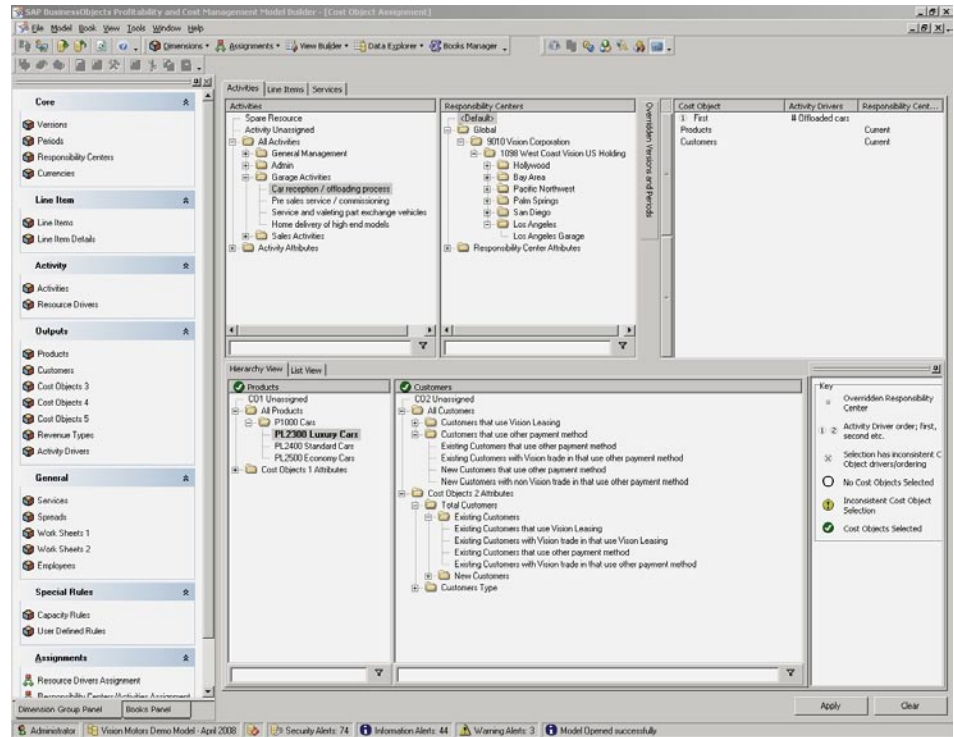


Figure 2: The Flexible Point-and-Click Model-Building Interface

reducing your total cost of ownership and improving your technology ROI.

You can build flexible models fast, typically with just a few clicks of the mouse. You can assign costs to cost objects by responsibility center and use the default assignments or vary assignment methodology by both version and period. Select cost objects individually or by groups, and “cascade” costs to cost objects in user-defined order. You can also assign activity costs multidimensionally to a precise intersection of cost objects, all in a single step, and choose activity drivers from an available list.

The application’s flexibility allows you to use the best costing methodology for the situation at hand. You can choose the time-split functionality, import driver data from time-capture systems, or use a wizard for writing equations for time-driven costing for responsibility centers with a high number of repetitive activities. An embedded rules engine with a front-end wizard enables fast, user-friendly modeling of more complex business rules.

A Scalable, Enterprise-Class Application

The application enables you to optimize nonsystem data collection and reporting for local and remote users with unique Web-based forms and integrated

work management functionality. You can speed remote deployment, minimize training, accelerate user adoption, and increase productivity through Web-based data entry and reporting with context-aware views. In this way, a single report is automatically tailored to the exact needs of each user. Remote users can input data and view reports in their local currency and language, enabling cross-border deployments. The application features security and audit-trail functionality to facilitate compliance and data and system safety.

You can perform simple analyses or create complex, high-volume activity-based costing models with a combination of multidimensional and relational data structures – without compromising accuracy. And you can leverage existing Web infrastructure to deploy the application across the enterprise for fast and cost-effective implementation.

Centralized model administration and maintenance over the Web eliminate the need for local models distributed throughout the organization. And when you need it, there's a user-configurable time- and date-stamped audit trail.

SAP BusinessObjects Profitability and Cost Management has a logical data structure that minimizes time and effort required for model maintenance. The application detects any new data member in a hierarchy and automatically attaches to it the assignments of its siblings.

Web books enable automated data collection integrated with enterprise databases, and work management

functionality expedites the collection of nonsystem driver data. The application eliminates repetitive, tedious work often associated with activity-based costing data collection and processing and enables more frequent reporting, even with remote contributors.

Web-based analysis and reporting functionality allows you to distribute results quickly and easily to a dispersed community of users, enabling better-informed decisions that drive financial excellence.

You can cost high volumes of data efficiently and accurately by taking an approach that combines the advantages of multidimensional and relational methods. Use a multidimensional data structure for sophisticated modeling of real-life situations, and use the relational data structure to apply calculated costs to high volumes of transactions for greater efficiency. Furthermore, you can avoid erroneous assumptions with single-step multidimensional assignment functionality that lets you assign available driver data to precise dimensional intersections. For example, you can pinpoint the intersection of a spe-

cific customer buying a particular product through a particular channel. And comprehensive user-defined trace-back functionality lets you trace all assigned costs to line items and responsibility centers.

Firms in many industries deal with a wide and varied mix of products and customers. Manufacturing companies build and assemble to specific customer requirements. Retailers offer products across multiple channels, running complex and overlapping marketing and promotion campaigns that affect pricing. Retail banks have hundreds of thousands of customers or more, using services as diverse as online banking, mortgages and loans, checking accounts, and cashier services, in city and rural branch locations. Delivery companies deal with variables including package origin, destination, weight, size, and applicable taxes.

With the heterogeneity of data that results, activity-based costing reporting needs to be attuned to organizational requirements, whether this is to provide summary-level management results or to suit those needs for analysis at a very granular transactional level. SAP BusinessObjects Profitability and Cost Management enables companies to leverage this valuable, highly granular data – which is already available through enterprise software, business intelligence, and data warehousing solutions – to conduct sophisticated, multidimensional analysis cost-effectively.

In the real world, critical business processes don't just take place in one quarter, in one department of the organization, or in one country or region. Key processes span from one end of the enterprise to the other. With SAP BusinessObjects Profitability and Cost Management, you won't be restricted to a budget-oriented costing mind-set. Multidimensional analysis gives you visibility into expenses in multiple currencies, periods, and responsibility centers.

SAP BusinessObjects Profitability and Cost Management enables you to take a dual approach to analyzing transactional data, using both multidimensional and relational activity-based costing

approaches for transaction-level models. The application uses a relational data structure to crunch high volumes of numbers, with a multidimensional structure to calculate unit rates accurately. The multidimensional environment gives you visibility into individual records with a standard, role-based, user-friendly interface (see Figure 3).

You can perform detailed costing, with individual attributes summed and used to calculate unit rates. In the relational environment, the resulting volume of calculations can be performed to determine total costs. With this combined multidimensional and relational approach, you can perform

complex, sophisticated analysis in a single cost model.

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 lets you model costs at any level in the organization, down to highly granular transaction data. The application boosts confidence in the accuracy and integrity of activity-based costing results and enables users to translate ideas into action with what-if analytical functionality and the ability to update and share models in real time.

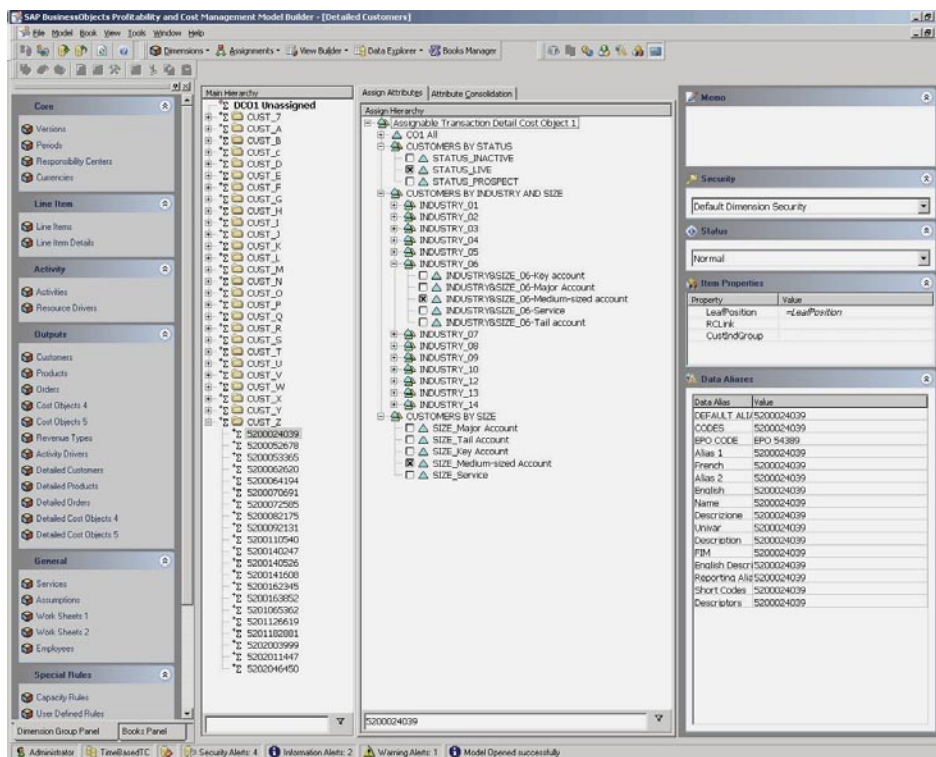


Figure 3: Example of a Build Screen for a High-Volume Transaction-Costing Model

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

You can slice and dice data and analyze results, create charts, and drill down from summary views to detailed cost data. You can link to related budgeting and metrics models to view performance achievement with drill-through, in-system dials and gauges. You can perform on-demand queries and what-if analysis on trusted, Web-accessible data, testing the financial impact of assumptions before committing to them (see Figure 4). And you can maintain data in a central repository for greater efficiency and control over critical business information.

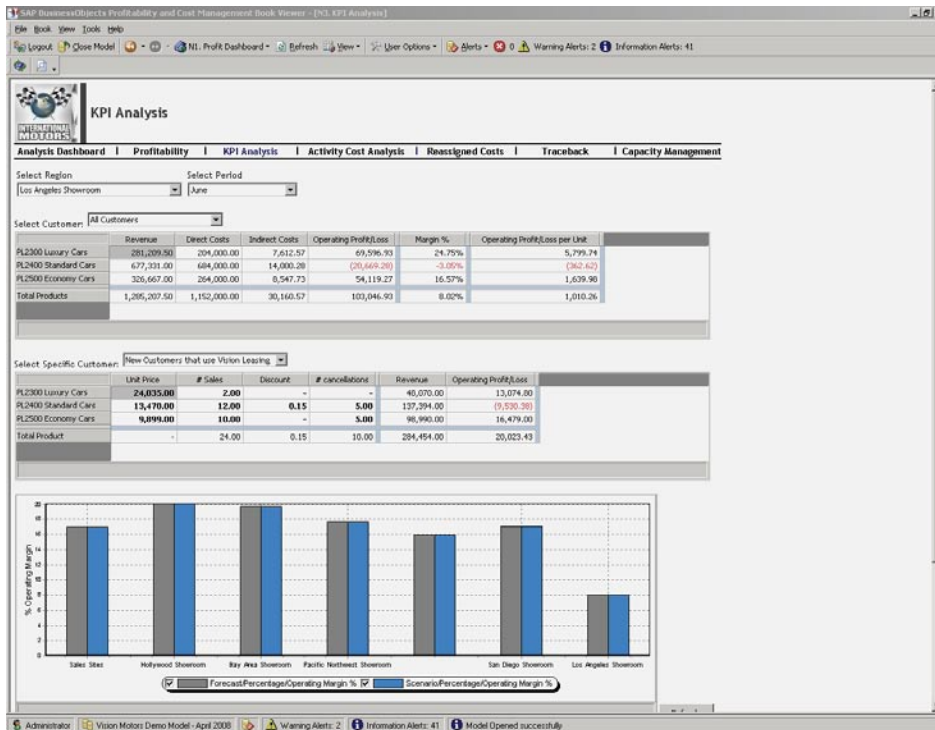


Figure 4: Example of What-If Scenario Analysis

The application helps you improve your organization's understanding of how customers contribute to fixed costs. And you can use this understanding to make more precise decisions on how to grow the business, reengineer products, or motivate customers to change their behavior and reduce the cost involved in serving them. For example, analysis might show that a customer places essentially the same order each week. By having a customer place monthly instead of weekly orders, you can cut costs from order to cash, saving money for both of you.

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 improve transparency, provide users with essential data, and gain a sharper and deeper understanding of what drives organizational costs.

Facilitate Costing and Cross-Charging of Shared Services

Many forward-looking companies have centralized IT and other shared services to reduce costs and take advantage of economies of scale. In this environment it is crucial to track and maintain accountability for services consumed throughout the enterprise. Often, budgeting is not coordinated among enterprise business units – or between shared services and the rest of the organization – and shared-services costs are simply apportioned to business-unit profit-and-loss centers. This can lead to organizational disagreements about unfair cross-charges and frequently results in misalignment between shared-services capacity and business units' needs.

Unique Cross-Charging Functionality

SAP BusinessObjects Profitability and Cost Management enables you to cost and cross-charge shared services accurately with predefined dimensionality and reiterative reallocation functionality necessary for accurately reflecting reality in cost assignment. You can correctly allocate general-ledger costs to services provided and reflect reciprocal services back and forth between cost centers, such as HR and IT. You can capture and incorporate other costs from other departments, such as payroll and recruitment costs from an HR services center. This helps you account for the fact that different units use shared services – even the same service – in different ways (see Figure 5).

Figure 5: Example of an Invoice for the Cross-Charging of Internal Shared Services

		Budget	Actual	Actual	Budget	Actual
		Quantity Bud	Quantity Actual	USD	USD '000s	USD '000s
Data Storage	Gigabytes of storage	542.00	362.52	\$500.00	\$217.18	\$181.26
Central systems		542.00	362.52	\$500.00	\$217.18	\$181.26
Mainframe	MIPS (Mainframe)	2,470.00	2,470.00	\$210.00	\$653.00	\$518.70
AS400	Comm Processing ...	1,819.00	1,819.00	\$230.00	\$539.82	\$418.37
Unix	Transactions per ...	1,535.00	1,535.00	\$380.00	\$732.26	\$552.60
Windows/Linux	# Servers	199.00	199.00	\$2,700.00	\$1,447.96	\$537.30
Server Maintenance		6,023.00	6,023.00	\$336.54	\$3,373.04	\$2,026.97
Standard stations	# workstations	264.00	264.00	\$0.00	\$0.00	\$0.00
Level 1 Workstations	# workstations	117.00	117.00	\$0.00	\$0.00	\$0.00
Level 2 Workstations	# workstations	88.00	88.00	\$0.00	\$0.00	\$0.00
Dedicated Workstati...	# workstations	23.00	23.00	\$0.00	\$0.00	\$0.00
Workstations		492.00	492.00	\$0.00	\$0.00	\$0.00
Internet	# network connecti...	981.00	981.00	\$80.73	\$228.69	\$79.20
Email	# network connecti...	981.00	981.00	\$55.50	\$157.49	\$54.45
Network/telecom		1,962.00	1,962.00	\$88.12	\$386.18	\$133.65
Printers and other p...	# printers	99.00	6.48	\$0.00	\$0.00	\$0.00
IT Equipment		9,118.00	8,846.00	\$264.74	\$3,976.40	\$2,341.88
Analysis Days	# Analysis Days	231.63	950.25	\$155.79	\$100.12	\$148.04

You can benchmark IT costs using standardized service definitions as cost objects, such as the IT Infrastructure Library (ITIL) for best practices. Flexible cross-charging options allow you to use demand-based or capacity-based pricing methods. You can frequently reforecast and realign shared-services resources and capacity to ensure that expected levels of demand can be met

at targeted costs. Detailed invoices provide transparency into cross-charging, with information that engenders informed collaboration between business users and service providers.

Enable Driver-Based Budgeting

Effective planning and budgeting involves paying close attention to crucial interrelationships between vol-

umes, revenues, available resources, and costs. With SAP BusinessObjects Profitability and Cost Management, you have access to extended functionality for activity-based planning and budgeting. Using the same resource drivers already defined for your activity-based costing models, you can take planning, budgeting, and reforecasting beyond the finance function, involving key responsibility areas and personnel across the enterprise. Instead of a more traditional vertically oriented, hierarchical budgeting process with a focus on collecting and consolidating data within a particular business unit, the application promotes and facilitates a horizontal, operational approach. Driver-based budgeting enables you to analyze activities that span departments, responsibility areas, and locations – as well as time periods – just as actual business activities do.

Use On-Demand Reforecasting

Using the extended functionality within SAP BusinessObjects Profitability and Cost Management, you can deliver activity-based planning and budgeting models by changing driver volumes and “back calculating” existing activity-based costing models. Use cause-and-effect relationships, multiple periods, and user-defined rules to reflect reality better in activity-based budgeting. With this comprehensive business-modeling functionality, you can produce a dynamic budget that can be updated on demand, refreshing key operational data or changing key assumptions to trigger reforecasts rapidly and easily.

Manage Capacity

SAP BusinessObjects Profitability and Cost Management enables you to use financial as well as nonfinancial driver data for a more complete picture. You can focus on variable costs as well as fixed costs. The application provides access to information on resource demand, availability, and use, helping you identify areas of excess capacity or unmet needs – and take action to bring demand tightly in line with supply.

Integrate Costing and Budgeting

SAP BusinessObjects Profitability and Cost Management enables you to integrate costing- and driver-based or activity-based budgeting models. Users can rapidly see how changes they make to driver volumes impact resource requirements and costs in future periods – and how this will alter the profitability of products and customers. This is invaluable functionality for organizations that want insight into the projected costs of products and services to price future offerings more accurately, improve overall performance, and optimize enterprise profitability.

EMPOWER MANAGER AND EXECUTIVE DECISION MAKING

SUPPORTING PERFORMANCE EXCELLENCE

In today's business environment, organizations must continually strive for performance excellence. With the insight provided through an analysis of organizational costs and profitability, you can empower managers and executives with the information they need to make critical business decisions that impact performance.

SAP BusinessObjects Profitability and Cost Management is Web-based and scalable to meet business requirements ranging from single-site implementations to global deployments. In addition, the solution is flexible to meet the complexity of your analytical requirements.

Focusing on cost analysis and profit optimization is an increasingly important element of enterprise performance management for a wide range of industries. In banking, for example, achieving a view of individual customer profitability is key. In consumer products and retail – where companies are experiencing challenges related to low sales-volume

growth and product differentiation – managing costs and setting prices are crucial activities.

With SAP BusinessObjects Profitability and Cost Management, you can perform accurate cost analysis across multiple dimensions to gain visibility into your enterprise costs and access the information that you need – when you need it – to make incisive business decisions.

SAP BusinessObjects Profitability and Cost Management enables you to:

- Achieve cost and profitability insight into customers, products, and channels
- Cost and transparently cross-charge IT and other shared services reliably
- Implement driver-based and activity-based budgeting and integrate these with your costing models
- Identify and eliminate wasteful, inefficient activities
- Reduce the cost to serve in retail and consumer products
- Monitor cost and profitability drivers dynamically
- Improve margins with accurate product and services pricing
- Focus marketing efforts with better customer and product profitability data
- Reduce capital requirements by rationalizing unprofitable products and customers
- Increase capacity utilization

- Predict fixed and variable costs in multiple scenarios
- Enable enterprise-wide benchmarking

The SAP BusinessObjects Profitability and Cost Management application offers the following features:

- User-friendly, Web-based interface that helps you rapidly build, deploy, and maintain comprehensive and flexible multidimensional activity-based costing models
- Scalable architecture that supports high-volume transactional activity-based costing
- Fully integrated query, reporting, and multidimensional analysis tools
- On-demand, what-if scenario analysis tools
- Integrated work management tools that facilitate process control
- Objectives- and metrics-reporting features
- Conditional alerts that inform managers when predefined conditions exist
- Scalability and model management functionality
- Safe and secure single sign-on
- Powerful security and control mechanisms
- Integration with the InfoView component as well as with third-party software

SAP BusinessObjects ENTERPRISE PERFORMANCE MANAGEMENT SOLUTIONS

IMPROVED EFFECTIVENESS AND PERFORMANCE CONTROL



SAP BusinessObjects Profitability and Cost Management is part of SAP BusinessObjects enterprise performance management 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 confidence, which gives you optimal control and competitive advantage. These solutions can integrate with SAP Business Suite applications; SAP BusinessObjects governance, risk, and compliance solutions; SAP BusinessObjects business intelligence solutions; and SAP BusinessObjects information management solutions. As a result, you can maximize business profitability, manage risk and compliance, and optimize corporate systems, people, and processes.

For More Information

For more information about how 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.

SAP BusinessObjects Profitability and Cost Management enables activity-centric performance management in a single application. Its functionality goes beyond costing and profitability reporting to services costing and cross-charging and driver-based and activity-based planning and budgeting.

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 action to reduce costs and optimize profitability of products, customers, and channels.

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 disconnected from operational reality

Key Features

- **Activity-based costing** – Make informed management decisions that optimize customer and product profitability, reduce the cost to provide services, 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** – Model costs at any level in the organization, down to highly granular transaction data
- **Driver-based and activity-based budgeting** – Accurately cross-charge IT and other shared services with predefined dimensions and reiterative reallocation functionality

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 operational capacity and support functions with demand for flawless execution of strategy
- **Incisive decision-making capability** due to rapid identification of underlying causes of changes in organizational cost and profitability, with the ability to test the impact of potential adjustments

For More Information

Call your SAP representative, or visit us online at www.sap.com/sapbusinessobjects/profitability_and_cost_management.

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