

# PRODACAPO ACTIVITY BASED COSTING/ MANAGEMENT

WHITE PAPER



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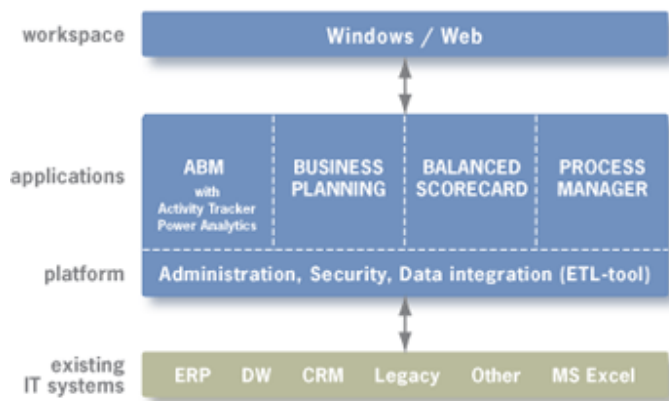
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## CORPORATE PERFORMANCE MANAGEMENT

The Prodacapo software suite for Corporate Performance Management is a fully integrated and modular suite of world-class applications that helps your executives, business managers and staff get the insights and information they need to rapidly and continuously improve organizational performance and achieve results.



The suite includes applications for Activity-Based Costing/ Management, Business Planning, Balanced Scorecard and Process Management to help your organization overcome the major challenges it faces.

## PRODACAPO ACTIVITY-BASED COSTING/MANAGEMENT

Prodacapo ABC/M is a complete software solution for Activity-Based Costing/ Management (ABC/ABM). It provides modeling, data integration, reporting and analysis – all in one solution. The software is very intuitive and offers rich functionality to support the needs of different industries and different activity-based costing methods.

### INSTALLATION/SETUP

- Scalable solution suites organizations of different size and complexity and supports both local and global installations.
- Low risk. A proof-of-concept installation at a low cost to demonstrate benefits internally before implementing on larger scale.
- Based on modern client/server technology and market leading databases.
- Open database standard (SQL Server or Oracle), easy to retrieve and load data.
- All information is stored in a single database and several users can model simultaneously.
- Easy-to-maintain – minimal support required from IT department.
- Robust security. Access privileges can be set for different users and groups.
- Single sign on.
- Easy to integrate with existing IT systems, allowing automatic updates of data.
- A Model Creation Wizard makes it easy to create a new model/variant.
- Only model builders need to have the software installed.

### COMMUNICATING VIA THE WEB

- Easy access to the model from the standard web browsers.
- Prodacapo ABC/M is fully web-enabled, with intuitive analysis, graphs, and reports. This means that users at all levels can easily access and understand ABC/M information and take action based on it.
- Prodacapo ABC/M can be integrated into portals as an add-on and can be customized to fit into these applications graphically.
- Because Prodacapo ABC/M is web enabled, no program has to be installed on end-users' computers. The result is low cost of ownership and rapid implementation.

### IMPORT/EXPORT DATA

- Includes an ETL tool (Extract-Transform-Load), Prodacapo Connect which makes it easy to integrate the solution with existing IT systems.
- Easy to import/export data to and from MS Excel.
- Possibility to import data from other data sources into Prodacapo

## SECURITY

- Robust security. Access privileges can be set for different users and groups.
- Only the users who build and administer the ABC/M model need to have the software installed.
- Several users can model, update and analyze information simultaneously.
- Security settings in User Manager enable you to give different group's access to different ABC Information.
- The access permissions also affect the different analysis views. The views include linkages to its related objects for more detailed information. This access limitation makes it possible to grant access to the Analysis module for all users.

## PERFORMANCE

- The calculation is optimized to handle large volumes of transactional-level information extremely quickly, both in the Windows client as well as in Web Solution.
- Ability to schedule the calculation.
- Extremely high-speed calculations minimize the time required for calculations, even for customers with vast quantities of data.
- Organizations with huge numbers of customers, products, and orders can get ABC information regularly and with the amount of detail they need.
- An extensive web-enabled suite of analysis and reporting options enable users across your organization to readily access and understands information and take action based upon it.
- All information is stored in a single database and several users can model simultaneously.
- Multiple users can work in the system simultaneously, setting up the model, updating data, and analyzing information.

## ABC/M FUNCTIONALITY

### FLEXIBLE FUNCTIONALITY – EASY TO USE

- The solution provides the most robust, yet easy-to-use modeling capabilities on the market, allowing you to create a model that reflects reality.
- Smart and flexible functionality makes it easy to build and maintain your ABC model – even if your organization is large and complex.
- The ABC-model is based on a pre-defined structure which enables quick implementation but it also provides flexibility via attributes attached to each object.

- Prodacapo can handle all type of branches; we have experience from healthcare, insurance, manufacturing, financial and public sector just to mention a few.
- Prodacapo can handle all types of ABC-models, traditional as well as time-based.
- Prodacapo can handle consumption based ABC, trace resource capacity according to consumption or according to resource driver values.
- Selection method for time driven ABC makes it possible to mix time driven ABC with traditional ABC. Activity volume can now be updated by the cost driver volume.

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#### FLEXIBLE AND BROAD ANALYSIS AND REPORTING – EASY TO ANALYZE

- Full multi-dimensional analysis on costs and profitability with any combination of products, customers, and sales channels or any other dimensions relevant for your business and organization.
- Possibility to analyze not only the profitability of product A, but also the profitability of product A sold to customer B, via sales channel C.
- Full traceability of costs back to general ledger.
- Full drill back on supporting activities.
- Easy-to-understand overviews, analyses and reports make it easy to rapidly validate the model and the results.
- Pre-designed period analysis on objects (organizational cost, resources, activities, cost drivers, product, customer and product package).
- Ability to select what products/markets to include in the period analysis, using attributes.
- An extensive variety of predefined analyses are built in.
- More than 150 standard reports, analytical charts and grids with powerful capabilities for selection, filtering, grouping, drill-down and drill-back.
- In addition to the ABC/M result views, it is also possible to see more detailed information about the cost objects, for example definitions for product and markets.
- Powerful built-in tool for easy creation of user-defined reports and charts.
- Functionality for publishing reports and analyses to groups of users.

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#### STRUCTURE

- Three-stage cost breakdown to reflect true cause-and affect relationships – accounts to resources, resources to activities and activities to cost-objects.
- Multi methods of cost assignment, several different cost assignment methods and the possibility to customize and create own driver methods.
- The ABC data can be traced for any product or combination of products, customers or sales channels.
- Resource and activity dictionaries are available in order to standardize definitions of resources and activities. The resources and activities are also categorized into different types.
- Multi-period and multi-variant (budget, actual, forecast or other variant) capabilities.
- Optimized period handling, possibility to use existing data from other models when creating a new variant.
- Multi-currency support.
- Time driven ABC support.

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## FLEXIBLE DRIVER METHODS

- Attributes can be used for both weighting and selections for all driver methods.
- Attributes can be combined for more detailed tracing/selections.
- Easy handling and visualization of both direct and indirect costs.
- Account transfers can be used to create full cost centers.
- Flexible tracing of resources via pre-defined drivers and possibility to create own drivers.
- Resources can be traced to activities, via other resources and according to capacity.
- Cost driver values can be reused for sub-drivers to simplify the data load and handling of cost tracing.

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## EXTENDED COSTING SUPPORT

- Supports reciprocal costing which is very powerful in branches that have a large amount of support activities. Reciprocal costing enables a mix of activity-to-activity- and activity-to-resource-tracings, within and/or across organization.
- Possibility to define and calculate internal services.
- Supports ability to trace cost to the top of a cost object structure and use a cascade method to define how the cost should be spread in the structure. Several pre-defined cascade methods are available. Selection attributes can be added for more refined cascade methods.

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## COST OBJECTS

- 3 predefined cost objects are included; customer, channel and products.
- Unlimited cost object structure (for instance unlimited depth of product structure).
- Full support of component handling for products. Components can also be sold separately.
- Sales costs can be traced/handled as orders or order lines.
- During the ABC-calculation, the product costs are traced to customers and customer costs to products for full costing/absorption costing.
- Supports inventory management by giving information about beginning inventory, changes done during the period and ending inventory. This makes it possible to handle incoming and outgoing product quantities.
- Attributes can be attached to all objects in the ABC-model to create different dimensions.

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## ACTIVITY ACCOUNTING

- Product standard costing capability for performing Activity Accounting. Using Activity Accounting makes it possible to integrate ABC/M information into the normal financial reporting to manage resource allocation per cost center.
- In Activity Accounting you calculate a standard cost for Cost drivers. The Standard cost is calculated according to the ABC methodology; based on Budget values, were you use organization cost, cost driver volumes for next year's budget.

- This standard cost multiplied with actual volume for each cost driver will hit the cost objects. This standard cost will also credit the cost centre with performed activity cost.
- The benefit of using Activity accounting is:
  - Fluctuations over time are eliminated.
  - Over and under absorption analysis on cost centers. (Comparison of actual cost and performed activities)

*For more detailed information about the features, please contact Prodacapo Support.*

## EASY

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### TO LEARN

- “Pedagogical” and “logical” are frequent comments from customers and consultants using Prodacapo ABC/M. Users quickly learn how to work in the system and it is easy-to-use.
- Smart model building techniques reduce the time and cost of building and maintaining the model – even if your organization is large and complex.
- Easy access via standard web browsers to online analyses and reports provides cost-effective and easy communication throughout the organization.
- Intuitive and graphical overviews of your ABC model make it easy to understand cost flows.
- Modern Microsoft look-alike interface.

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### TO IMPLEMENT

- The system is scalable and can be installed as a local stand-alone solution up to a global installation with an unlimited number of users. It can easily be integrated with your current IT environment to provide consistent and periodic reporting of ABC/M information every month, quarter or for the period of your choice.
- Low risk – make proof-of-concept installation at a low cost to demonstrate benefits internally before implementing on larger scale.
- Install locally or globally - scalable solutions suite organizations of different size and complexity.

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### TO MAINTAIN

- Integrated ETL tool (Extract-Transform-Load), Prodacapo Connect with built in standard sequences for easy updating of your model.
- Possibility to customize own sequences for specific updates. This makes periodic ABC/M reporting easy and allows you to devote your time to analyzing information and implementing actions, rather than updating your ABC model.
- Easy to send data from and to MS Excel.
- Robust data-integration capabilities for integration (import/export) with your current IT-systems and automatic update of the ABC/M information every month, quarter or other period.
- Easy drag and drop function for changing structure of organizational units, product, customers and sales.
- Can handle organizational changes. Built in support for moving resources and or activities to other organizational unit.
- Full or partial clean up of the model is supported.

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#### TO USE/UNDERSTAND/ANALYZE AT ALL LEVELS

- Intuitive and graphical overviews of your ABC model make it easy to understand cost flows.
- Prodacapo ABC/M shows you exactly how the ABC cost is built up by different cost drivers, processes, activities, and resources – all the way back to accounts in the general ledger.
- Full traceability is important if users are to understand and rely on the information. The system enables you to fully trace the ABC cost for any product or combination of products, customers, or sales channels.
- An extensive web-enabled suite of analysis and reporting options that enables users across your organization to readily access and understand information and take action based upon it.
- Shows you exactly how the ABC cost is built up by different cost drivers, processes, activities and resources all the way back to general ledger.
- Can be integrated into portals with an add-on module and can be customized to fit into these applications graphically.

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#### EXCELLENT HELPDESK

- Experienced team focused on implementation, design as well as development of our ABC-model.
- World class support according to our customers.

#### MORE THAN ABC

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#### PROCESS MANAGER

- Uniquely, Prodacapo ABC/M has an integrated process-mapping tool enabling rapid modeling and visualization of processes, activities, and their related costs. You can use this support to speed up your work when building the ABC model. It's also a powerful tool when using ABC to improve organizational performance. From the ABC-model the activity costs are aggregated to process cost.
- Integrated process mapping tool to enable visualization of your processes, activities and their costs.

*For more information please see White Paper, Prodacapo Process Manager and product fact sheet.*

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#### BALANCED SCORECARD

- Prodacapo Balanced Scorecard is an easy-to-use software tool that enables you to manage and measure your organization's performance. It helps your organization to communicate strategy at all levels, establish responsibility for achievements and focus on actions critical for success.

*For more information please see White Paper, Prodacapo Balanced Scorecard and product fact sheet*

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## SCENARIO ANALYSIS

- Simulate and forecast future resource requirements, costs and profitability to support effective decision-making with Prodacapo Business Planning.
- It provides benefits that traditional planning and budgeting cannot.
- Run different 'back calculation' scenarios on an existing ABC model.
- It is equally easy to make re-forecasts by changing key assumptions. Your results will be more accurate as they will be based on a dynamic model of your business, not on managers' estimates or extrapolations of the past.
- Use Prodacapo Business Planning to;
  - Organize resources based upon how the organization plans to perform and what it should deliver.
  - Analyze resource allocation and identify areas with excess capacity or bottlenecks
  - Analyze the impact on resources, capacity, costs and profitability of a range of scenarios such as changes in demand for products and services, product volume and mix, productivity, prices, costs, strategy or tactical decisions.
  - Facilitate creating, updating and maintaining you annual budget or rolling forecasts.

*For more information please see Prodacapo Business Planning product fact sheet.*

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## ACTIVITY TRACKER

- Optional add-on to Prodacapo ABC/M for collecting activity information.
- Using Activity Tracker enables a more frequently updated ABC/M model.
- Web-based collection of activity information makes it faster and easier to update and refresh the ABC/M information.
- Because Activity tracker is integrated in Web Solution, it is simple and cost-effective to collect data – even from remote branches and offices.
- It is possible to use Activity tracker to different models from Web Solution.
- The user administration of Activity Tracker is integrated into the Prodacapo User Manager and Single Sign On can be applied for the Activity Tracker users.
- Information can be uploaded directly into the ABC-models.
- Flexible to set up, easy to collect data.
- Report on a daily, weekly, monthly, or other basis in Activity Tracker, regardless of time period used in the ABC model.
- Users can report in a time format, such as number of hours or percentage, regardless of settings in the ABC model.
- Each user can report individually or one user can report collectively for many users.
- A user can report if they correspond to one resource in the ABC model or part of a resource in the model.
- Only displays activities relevant to each user.
- Can display historic data from previous period as an aid and users can copy values from a previous period and simply alter values.
- Can include instructions to guide users in completing the data.

- Users can comment on their data.
- Managers can review and approve the information.
- Administrators can monitor workflow and upload information directly into the ABC models.
- Functionality for approval enables contributors' superiors to review the data and check that each piece of data is in place before it is approved for uploading into the ABC model.
- E-mail alerts to remind users that data are not registered or approved.

*For more information please see Prodacapo Activity Tracker product fact sheet.*

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## PRODUCT DESIGNER

- This add-on product makes it possible to simulate the production cost of a product, based on standard cost rate. It is possible to change the component structure, cost driver consumption, attributes, direct cost, product volume and batch size. (Web Solution)

*For more information please contact Prodacapo.*

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## POWER ANALYTICS

- Optional add-on product that makes advanced analysis and reporting easy,
- It extends the analysis and reporting options in the Prodacapo ABC/M software and offers on-line analytical processing (OLAP or IMA) capabilities for fast multi-dimensional analysis.
- By using Prodacapo Power Analytics (OLAP or IMA), users can quickly and easily slice-and-dice, drill down and analyze profitability and cost data in different dimensions.
- They can choose from pre-defined reports or create their own.
- It's easy to change charts, grids, or reports with the click of a mouse. Users do not need to understand databases or query languages.
- Easy to learn and use.
- Web-based: users make their analysis and reports in their standard web browser.
- Power Analytics IMA is integrated into Prodacapo Web Solution.
- Power Analytics IMA is one of the modules within the User Manager, which means it's possible to set up access restrictions by user groups.

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## POWER ANALYTICS IMA, BASED ON QLIKTECH'S PATENT SOFTWARE

- Includes pre-defined files/analysis views for free. Files/Analysis views can easily be customized.

*For more information please see Prodacapo Power Analytics OLAP product fact sheet.*

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## POWER ANALYTICS OLAP, BASED ON MICROSOFT'S MARKET LEADING OLAP SERVER – ANALYSIS SERVER

Version 1.1

- Create and publish briefing books, Includes pre-defined cubes and briefing books (which can easily be customized) for free.

*For more information please see Prodacapo Power Analytics OLAP product fact sheet.*

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LEARN MORE

For more information please se **[www.prodacapo.com](http://www.prodacapo.com)** or contact us at **[prodacapo@prodacapo.com](mailto:prodacapo@prodacapo.com)**