



SAS® Activity-Based Management

Driving profitable growth

What does SAS® Activity-Based Management do?

SAS Activity-Based Management is an analytic application that models business processes to determine cost and profitability, as well as what drives them. The solution offers integrated data management, business modeling, reporting and analysis. It is built on a scalable platform to ensure sustainable performance improvement.

Why is SAS® Activity-Based Management important?

By providing cost, process and profitability insights, SAS Activity-Based Management enables organizations to make informed decisions that deliver revenue growth, streamline processes and reduce costs across the organization.

For whom is SAS® Activity-Based Management designed?

- Finance and operations managers who must understand cost, process and profitability drivers.
- 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.

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

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 and improve performance.

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

SAS Activity-Based Management, built on the platform for SAS Business Analytics, moves beyond typical activity-based management tools by combining visual business modeling with advanced reporting/analysis and powerful data integration. 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.

Key benefits

- **Manage costs and improve processes.** SAS Activity-Based Management helps organizations identify opportunities to control cost and improve process efficiency by determining the true cost of a product, process or service.
- **Understand the profitability drivers within your organization.** With costs captured at the activity and transaction levels, you can assign them and revenues to different dimensions, such as 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.** Using unmatched SAS data management capabilities, SAS Activity-Based Management models the cost to serve customers at the transaction level and delivers profitability modeling and analysis for each identified customer. The solution incorporates all cost-to-serve elements, including products, channels and services.
- **Predict resource and capacity needs.** With the consumption-driven modeling methods in SAS Activity-Based Management, you can accurately predict the resource implications of changes in output demand. The solution includes measurement of unused capacity, activity-based budgeting, what-if scenarios and simulation analysis to make this process more accurate.



Solution overview

Market-leading activity-based costing and profitability measurement

SAS Activity-Based 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 and organizations.

Intuitive, powerful modeling environment

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

Comprehensive data integration and management

The data integration capabilities embedded in SAS Activity-Based Management enable proactive and direct data access to native systems instead of

forcing you to wait for multiple flat-file extracts when you update your models. This automatic consolidation of information from disparate data sources allows for more consistent and complete analysis. SAS provides access to data from nearly every data source, and data cleansing routines ensure that your models are accurate. The solution also includes a single interface for system administration and maintenance.

Robust reporting and analysis

SAS Activity-Based Management uses the award-winning SAS Business Analytics Framework to provide comprehensive ad hoc analysis and self-service OLAP reporting. Combined with Web-based deployment, SAS Activity-Based Management allows you to deliver cost and profitability intelligence to the right people, at the right time, in the right form for decision making. The SAS Business Analytics Framework allows insights to be shared and deployed across the entire organization.

The screenshot displays the SAS Activity-Based Management interface. The top window, titled 'SAS Activity-Based Management', shows the 'Workspace Manager' with a tree view of folders like 'My Shortcuts', '8126 Workspace', 'Column Layouts', 'Data Exports', 'Data Imports', 'Models', 'OLAP Views', 'Dros Imports', 'Published Reports', and 'Report Data Exports'. Below this is a table of models with columns for Name, Description, and Owner. The bottom window, titled 'SAS Activity-Based Management - Newark_Analyzer5', shows the 'Activity module: Newark_Analyzer5' with a three-panel view. The left panel shows a list of cost drivers with columns for IntactName, DrcCost, and Display Name. The middle panel shows a hierarchical tree of activities with columns for Display Name, Cost, and Display Name. The right panel shows a list of products with columns for IntactName, DrcCost, and Display Name.

IntactName	DrcCost	Display Name	Cost	Display Name	IntactName	DrcCost
Mtg Engrg Payroll	\$2,250.31	ACTIVITY (PRIMARY PANE)	\$45,277,000.0		150 Sedan x No<Customers>	\$30,392.53
Mtg Engrg Supply Consumption	\$253.39	Newark Plant	\$45,277,000.0		150 Wagon x No<Customers>	\$320,319.04
Body Shop Payroll	\$115,593.55	Cost to Make	\$32,852,479.8		210 Sedan x No<Customers>	\$280,279.16
Paint Shop Payroll	\$236,425.56	Unload Railcars	\$291,905.66	Product C	210 Wagon x No<Customers>	\$333,665.67
Assembly Line Payroll	\$497,857.90	Perform Paperwork	\$943,770.25	Product C	500 Sedan x No<Customers>	\$467,131.93
Inspection Payroll	\$1,114,082.67	Type Data into Computer	\$817,214.17	Product C	500 Convertible x No<Customers>	\$333,665.07
Material Handling Payroll	\$118,418.95	Manage Salaried Worker	\$775,434.49	Product C	500 Sport Truck x No<Customers>	\$413,745.43
Supervisor Payroll	\$52,254.49	Manage Production Work	\$707,049.66	Product C	Canyonero Truck x No<Customers>	\$520,518.44
Capital Equipment Depreciation	\$1,312,500.00	Resolve Disputes	\$457,612.78	Evenly A		
		Review and Approve Inv	\$532,104.19	Number c		
		Move Material	\$4,004,166.93	Product C		
		Perform Inspection	\$3,470,122.93	Number c		
		Repair Products	\$2,649,636.14	Number c		
		Scrap Parts	\$1,226,818.32	Number c		
		Repair Machinery	\$1,000,048.11	Product C		
		Direct Labor	\$11,092,684.6	Product C		
		Load Railcars	\$1,514,802.21	Product C		
		Set-up Special Procedure	\$1,605,670.25	Product C		
		Design Manufacturing Pr	\$398,215.58	Product C		
		Develop Capital Expendit	\$635,093.69	Evenly A		
		Develop and Marge Plant	\$729,929.84	Evenly A		
		Cost to Sell	\$10,330,695.1			
		Make Sales Calls to Cust	\$1,318,429.09	Number c		
		Entertain Customers	\$1,352,379.45	Entertain		
		Entertain Prospective Cu	\$1,849,073.68	Entertain		
		Answer Phones	\$17,810.08	Number c		
		Process Orders	\$252,244.58	Number c		
		Follow-up with Customer	\$615,507.27	Customer		
		Arrange Storage and Wal	\$245,590.25	Evenly A		
		Make Presentations to Cu	\$1,759,232.58	Entertain		
		New Product Developme	\$2,424,106.54	Customer		
		Bill Customers	\$496,321.63	Number c		

The SAS Activity-Based Management workspace lets you manage models, reports and OLAP views in one place.

The three-panel view lets you model and flow costs visually from source to destination.

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.

Transaction-level customer profitability

Analyze customer transaction histories, calculate profitability for up to hundreds of millions of customers and perform multidimensional analysis – by customer, product mix, organization and channel.

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 data seamlessly. For example, the interface between SAS Activity-Based Management and SAS Strategic Performance Management (our solution for scorecards and strategy maps), helps you select and publish cost and profitability metrics directly to a dashboard or scorecard.

Technical Requirements

Server

The number and size of models (and their associated analysis cubes) affect all factors of hardware-related performance. The applicability of a specific server platform is primarily dependent on data volumes. Minimum hardware requirements are estimations only. The minimum server configuration is required to operate the software.

Operating systems

Windows 2000 Server Service Pack 3, Windows 2003 Server (Windows 2003 Server Enterprise Edition is required to use more than four processors)

Key Features

Flexible and scalable modeling

- 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.
- Dimensional modeling and analysis:
 - User-defined dimensions with various periods and scenario combinations.
 - Ready for dimensional views and analysis in OLAP.
- Intuitive modeling UI:
 - Workspace to manage models, reports and OLAP views.
 - Visual and point-click assignment creation and views.
 - 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.
- Capacity costing and modeling:
 - Model available capacity vs. used or idle capacity.
 - Conduct what-if analysis for resource planning.
 - Activity-based budgeting.
- Account search to help you find dimension members within a deep hierarchy or search accounts with no cost/assignment or attributes.
- Intramodular assignments:
 - Assign costs in the same module.
 - Allow flexible cost pooling and flowing.
- Reciprocal cost assignments:
 - 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

- Complete SAS Business Intelligence capabilities:
 - Web-based reporting, analysis and deployment.
 - Self-service reporting and analysis.
 - Query and analysis.
- Interface with SAS Strategic Performance Management:
 - Easily identify ABM measures and attributes, and publish them as metric tables in SAS Strategic Performance Management.
 - Identify and use the scorecard metrics as drivers and measures in SAS Activity-Based Management.
- Dynamic OLAP analysis:
 - Integrate SAS .NET OLAP viewer.
 - Create OLAP cubes dynamically.
 - Multidimensional data analysis.
- Sixteen 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 Activity-Based Management database through Excel for reporting and analysis.

Minimum processor speed

1 GHz (Dual 3 GHz or better recommended)

Memory requirements

2 GB RAM or greater

Disk space required

20 GB for installation and temporary file space (model data storage space depends on usage)

Additional software required

- Required SAS software: Base SAS, SAS/ACCESS® Interface to OLE DB, SAS/GRAPH®, SAS/SHARE®
- Microsoft Internet Explorer 5.5 Service Pack 2 (IE 6.0 recommended)
- Microsoft Internet Information Services 5.x (6.x recommended)
- Database software: Oracle or Microsoft SQL Server

Client

Operating systems

Windows 2000 Service Pack 3,
Windows XP Professional Service Pack 2 (recommended)

Minimum processor speed

1 GHz processor (3.0 GHz recommended)

Memory requirements

512 MB RAM (1 GB recommended)

Disk space required

2 GB available disk space

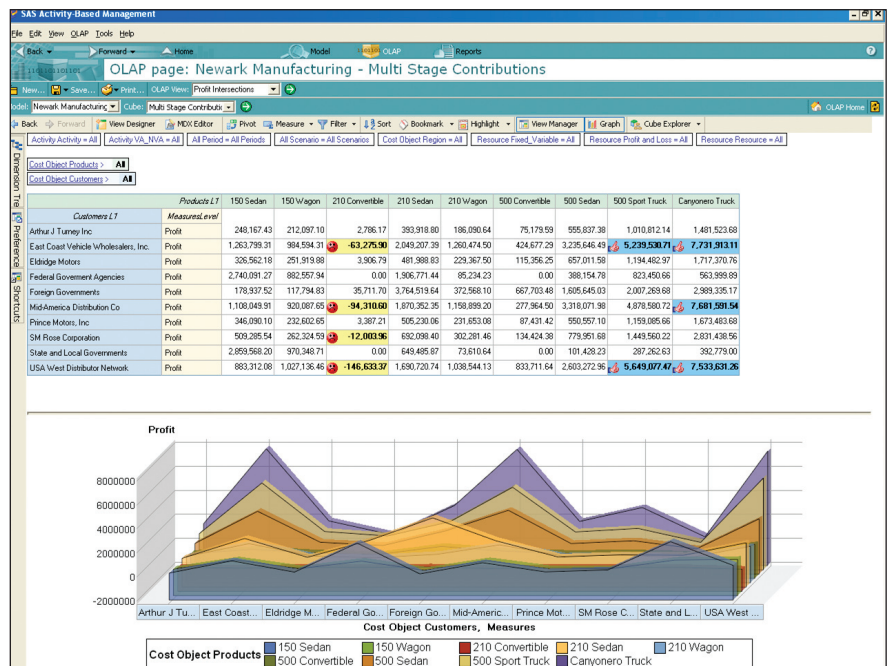
Additional software required

Microsoft Internet Explorer 5.5 Service Pack 2 (IE 6.0 Service Pack 2 recommended)

Key Features (continued)

Data integration

- Data warehousing or data mart capability.
- Access to the complete SAS Data Integration process.
- Ability to read from and write to nearly any data on any technology platform in batch and real time.
- Automated and repeatable process for pulling volumes of data into and from activity-based models.
- Embedded data quality processes.
- Shared metadata layer with straightforward integration between other SAS performance management offerings.
- Import DBMS staging tables with SAS services API. You can automate model creation and maintenance. Also import/export model data to and from other DBMS.



The OLAP views let you perform multidimensional profitability analysis, such as customer profitability by product.



SAS Institute Inc. World Headquarters +1 919 677 8000

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