

“Executives view their inability to measure customer and product profitability as their major technology constraint.”

Gartner: The Next Wave of Process Improvement (Nov 2009)

Enabling Margin Performance

Business Complexity and IT

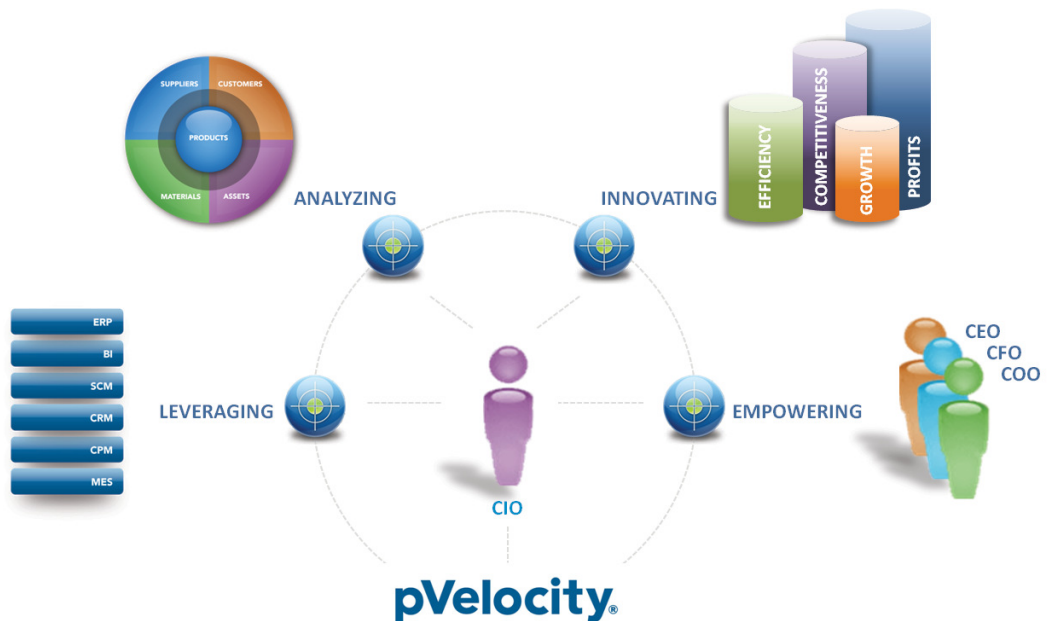
Whether a company is cost cutting, growing, innovating, or simply competing, it places a great deal of trust in IT to scope, specify, source, deploy, and integrate the technological means to achieve corporate objectives.

Sometimes, however, various aspects of business complexity simply overtake the abilities of existing systems to provide the data needed to make effective business decisions, regardless of how sophisticated those systems may be.

The Profit Visibility Challenge

One of these complexities is profitability. This seemingly basic concept provides enormous challenges to business systems like ERP, BI, and Data Warehouses because of external factors like cost volatility, economic fluctuations, and the pace of technological change, or internal factors like data definition and integrity, siloed systems, and functional isolation.

Furthermore, when corporate actions like acquisitions happen, integrating data across disparate business systems becomes a greater challenge, and profit visibility becomes even more impaired.



“We have integrated pVelocity into the day-to-day decision making process, and it is an integral part of the continuous improvement culture.”

Thomas Baltzewitsch, CFO
Hydro Aluminum Extrusion - Eurasia

Leverage Existing Investments with pVelocity

pVelocity's Profit & Cost Simulation solution allows the CIO to leverage the scope and scale of existing business systems to offer a “sandbox” environment for both historical and predictive operational analysis. Without replacing or altering business systems or the data they contain, pVelocity is purpose-built to gather data highly relevant to profitability analysis, like:

- Invoices
- Production
- Recipes
- Costs

Then, by linking and exploring the profit relationships between products, customers, assets, and materials, pVelocity provides the basis for deep insight into the current and future effect of cost fluctuations and pricing changes, right down to the bill of materials.



The Typical User Solution

To gain insight into profits, business users often turn to one-off spreadsheets to “cobble together” the specific data they need to assess profitability of products, customers, and markets. Users apply their own logic, unique queries, and individual formats, generating volumes of analyses that lack consistency and are often based on different interpretations of the real operating environment.

Yet, enterprise business systems do contain all the actual cost and pricing data needed to ascertain an accurate and reliable picture of margin. pVelocity assembles the most pertinent and useful data to create that picture, applying structure to the way that data is collected, and then analyzing the data in a way that provides visibility into current and future profitability.

The Safe Alternative

Business users want to be able to make both reactive and proactive decisions. Future profit predictability requires simulation capabilities, but live data can’t be compromised. A safe environment – pVelocity’s “sandbox” – is the means to enable the manipulation of data for simulation purposes while, at the same time, providing business users with a confident source of actual business data for analyses, predictions, and decision making.

With this data, business users have a common and credible basis for decision-making on a broad range of business issues, which in turn drives innovation on key performance indicators like efficiency, competitiveness, profitability, and growth.

By enabling innovation on key metrics with pVelocity, IT fulfills its mandate to derive incremental value out of existing IT investments and the data they generate, and empowers other key executives with the analytical capability to make effective, predictive decisions that achieve corporate performance objectives.

<p>PRODUCT & PRICING MANAGEMENT</p>	<ul style="list-style-type: none"> Ascertain the true Cost-to-Serve on a product-by-product basis, adjust pricing, and refine product portfolio based on margins
<p>SALES & MARKETING</p>	<ul style="list-style-type: none"> Focus promotional efforts on customers with the greatest potential margin growth based on predictive analysis of price or portfolio mix changes
<p>SUPPLY CHAIN</p>	<ul style="list-style-type: none"> Analyze, simulate and execute margin improvement tactics to react to changing supply chain costs and material availability issues
<p>PRODUCTION & ENGINEERING</p>	<ul style="list-style-type: none"> Increase or decrease asset utilization or change routings based on forecasted product margins or market opportunities
<p>CORPORATE</p>	<ul style="list-style-type: none"> Validate business cases for enterprise-wide strategic actions like make-vs.-buy, acquisitions, or expansions