



Case Study: Mobile Communications Device Manufacturer

Vantage enables global leader in mobile communication device manufacturing to transform its financial management capability

As a globally recognised brand, our client has annual sales of hundreds of millions of mobile devices and an annual turnover in the tens of billion Euros.

Amidst the background of increased competition and pressure to drive down manufacturing costs, they turned to Vantage to implement SAP Profitability and Cost Management (PCM) Software. This implementation provided detailed cost visibility to enable better-informed business decisions.

Business Challenge

With the threat of new competitors in the market place and continuing pressure to drive down costs, our client realised that they needed greater levels of insight into product costing than was possible with their existing technology.

The existing system only provided a high level view of cost by 'Product Family' level, however, within each product family there are typically tens or even hundreds of variants. These are all based on the same device, but can vary in terms of packaging, items included in the sales pack and customer specific requests. Our client wanted to allocate costs more accurately to deliver unit cost information at product variant level as a vital contribution to decisions on product pricing, which products to produce and which to discontinue, as well as production planning decisions.

With a cost of sales well into the tens of billions of Euros in 2010, it was clear that this cost needed to be more fully understood at a very granular level within the business.

Project Objectives

Vantage assisted our client in understanding how the SAP PCM Software could create a costing system that would not only identify the specific costs associated with each device, but would also split this cost further by sub assembly, component, country and customer.

Vantage's Solution

Vantage was chosen as the PCM implementation partner because of its unrivalled experience and deep knowledge of the SAP PCM application, going back over a decade to the original software product authors, ALG Software.

Vantage consultants worked closely with business concept owners, firstly to build a common understanding of the requirements and to then design, build test and implement a PCM solution to meet them.

Challenge

Our client needed more detailed and accurate product costing information to support production and pricing decisions.

Solution

Vantage implemented SAP Profit and Cost Management (PCM) to deliver accurate unit costs by product variant to support key business decisions.

Benefits

- More accurate cost allocation enabled better informed decisions.
- Removed the manual overhead and associated risk arising from data provision.
- Business decision makers are free to use their expert judgement in analysis of results rather than working with data.
- Improved product strategy through greater granularity of product costs by product variant.
- Improved product pricing through more accurate unit cost information by individual product variant.

The solution is tightly integrated with a Data Warehouse; all of the required data for PCM is transferred directly and automatically via back-end database tables at the click of a button, removing the manual overhead and associated risk, freeing up business decision makers to use their expert judgement in analysing the results, rather than wasting valuable time trying to get the right data in the right format at the right time.

Results

The new product costing solution went live in the second half of 2011. It provided instant business benefit, as the lower level of cost granularity can now be directly viewed by business users within the reporting system, supporting invaluable decisions in a way that was not feasible before.

Why Vantage?

Having worked with the client during the discovery phase Vantage was viewed as a valued and trusted partner.

Vantage is recognised as a leader in PCM implementation with proven expertise and deep product knowledge, having implemented more than 100 successful implementations.

Vantage's capability in full project management and implementation of large scale projects.

Availability of additional expertise and support from Vantage's Data Practice to resolve their data issues.

**For more information please contact us at
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Vantage was founded by former SAP BusinessObjects Consulting Services team members in order to provide software users with access to the very best consultants with an independent perspective.

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