Activity Based Costing
Powered by IBM Planning Analytics

The following will appeal to audiences familiar with Activity Based Costing (ABC), having read our articles "Do you know what it actually costs to run your business and what drives these costs?" or "Activity Based Costing for a Strategic Costing Framework in Government". Hopefully at this point, you would now be wanting to understand how the technology solution can be implemented as well as why IBM Planning Analytics is the solution to support your ABC project.

There are a number of products out there that advertise to be the answer to your ABC requirements, so let's examine why IBM Planning Analytics should be at the top of the list for consideration.

To start with, IBM Planning Analytics is the 'next generation' of the popular Cognos TM1 solution. Currently deployed by over 10,000 organisations worldwide for planning, budgeting and modelling, IBM has now enhanced the solution to the cloud, allowing you to choose either an on-premise deployment or utilise the cloud and have your environment fully managed. If your organisation already has Cognos TM1 then it's extremely likely that you already have GL and HR cubes. These 2 cubes will likely be able to supply many of the resource drivers that you need within your ABC model.

An important aspect of any ABC implementation is going to be the acceptance of the End User being able to trace the results back to source. In that regard, it's important for you to show how you have been able to integrate into source systems such as your ERP. Planning Analytics comes with an ETL (Extract Transform Load) to enable you to connect to your source systems and prove data integrity. Planning Analytics also has an out of the box capability to trace any business rule calculation through each sub component. This capability to audit any value means users will very quickly trust the outputs of the ABC model.

The modern-day finance team needs to be able to produce multiple iterations very quickly and perform 'What If' analysis. With these 'What If' scenarios, your managers can evaluate multiple possible outcomes, both positive and negative. Scenario 'What If' playing allows you to not only look forward but to anticipate different future states. What if there's another GFC? What if everything went down? How would we respond? Getting to advanced scenario playing requires an ABC solution based upon a high-speed planning and analytics engine. Planning Analytics is based on an in-memory database whereby speed is lightning fast and your ability to produce outputs dramatically improves.
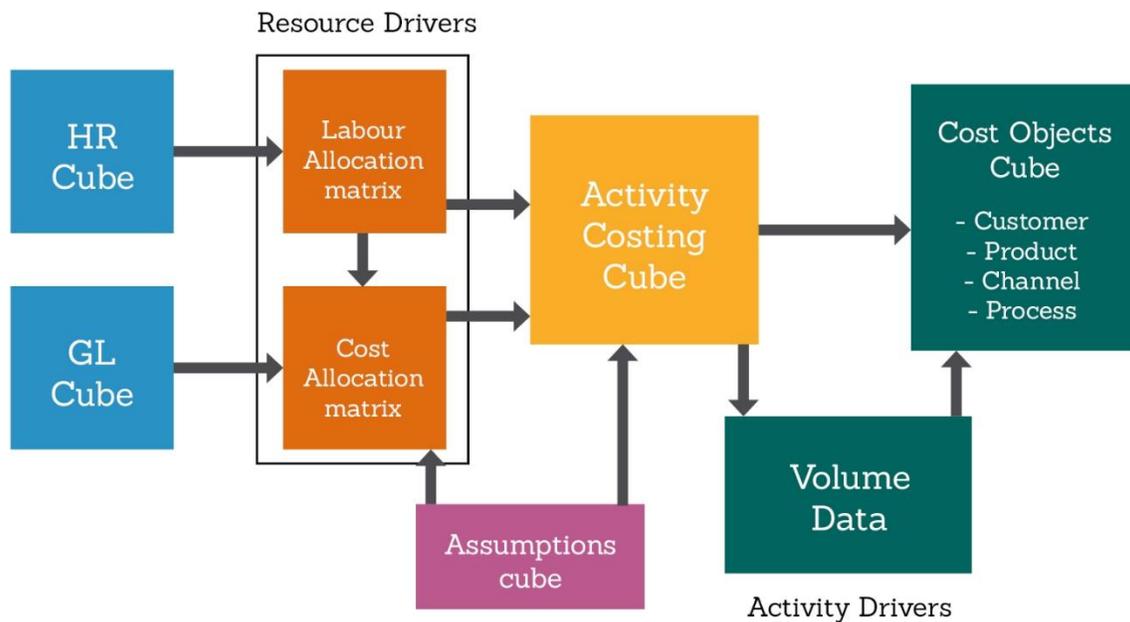
Some organisations don't want to acquire, learn and support another system and technology. If that is the case, then you can outsource the ABC model to Tridant. Our Managed Application Services is designed to deliver value for our clients by managing the entire solution for you. You get the benefits of the outputs but you don't need to worry about the setup or maintenance.

Any finance system requiring user input needs to be auditable. ABC projects cannot run on Excel alone as it lacks an auditing function. If someone changes a Resource Driver % split, then you need to be able to track that as a transaction. Planning Analytics tracks every data change and provides a full audit trail for any output.

Whether a commercial organisation or a government department, you don't want to have to build an ABC model from scratch yourself. You want to be able to use a pre-built solution but to be able to customise it to your needs. At Tridant, we have built ABC models across many industries and have an ABC solution ready to go. Planning Analytics is also very easy to customise and so your ABC project will be able to be delivered on time and to budget.
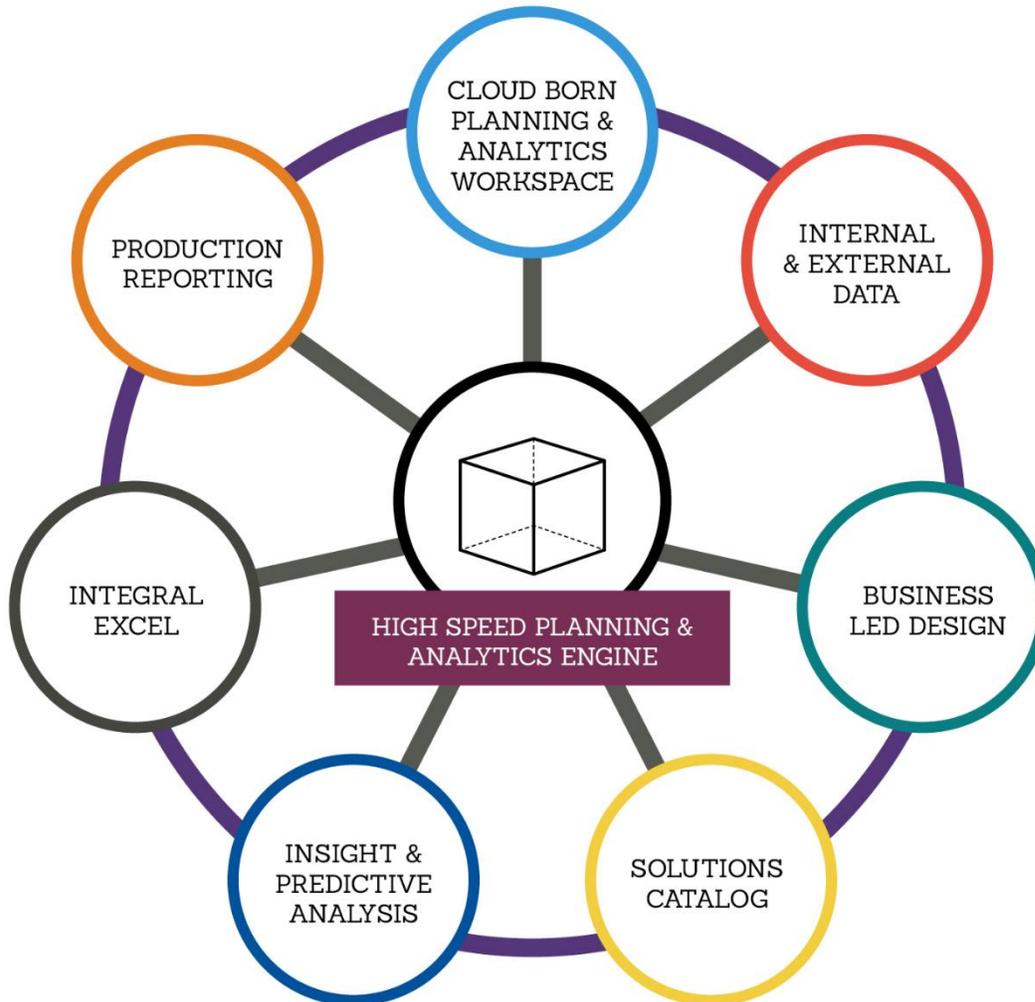

Planning Analytics

Users of systems today expect to be able to use a modern web based solution. Planning Analytics offers an easy to use Workspace for creating entry templates and dashboards that work on any device or browser. Having said that, finance people LOVE Excel. So Planning Analytics also offers a modern Excel add-in that queries the Planning Analytics database lightning fast from any location. Whether its adhoc reporting or pixel perfect management reporting, you have the control.

If you are looking for a modern ABC platform then you need all of these capabilities

Witten by

James Wakefield – Director of Solutions & Marketing - Tridant Pty Ltd

David Meadway –Practice Area Lead -Tridant Pty Ltd

Rossouw Koegelenberg -Managing Director -Venn Cubed Pty Ltd