Business Objects

WHAT MAKES BUSINESSOBJECTS METIFY ABM DIFFERENT?

Client/Server-Based Cost and Profitability Analytics From Business Objects

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INTRODUCTION

BusinessObjects™ Metify ABM is a client/server activity-based costing (ABC) and activity-based management (ABM) application. First launched in 1997, the application has been developed over 14 years of continuous investment and product innovation, culminating in the 2004 launch of Metify ABM 3.0.

A third-generation, best-of-breed application, BusinessObjects Metify ABM 3.0 is an advanced cost and profitability analytics application that offers significantly enhanced functionality with a host of prebuilt integrated features that have been developed with the benefit of a deep understanding of what drives cost in an organization. The key features that distinguish BusinessObjects Metify ABM from the range of ABC software applications available today are identified under the following headings:

- Multidimensionality
- Modeling
- Scalability
- Data Integration and Reporting
- Deployment

This paper discusses these features in detail and explains how they differentiate BusinessObjects Metify ABM from other software offerings.

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MULTIDIMENSIONALITY

BusinessObjects Metify ABM is truly multidimensional in that an activity cost can be allocated to the exact and appropriate combination of multiple dimensions (such as product, customer, and channel). Only by multidimensional assignment of activity costs to cost objects can you pinpoint the true cost of selling a given product to a particular customer through a particular channel.

While suppliers of other software tools maintain that they can support multiple dimensions, this is not the same as being truly “multidimensional.” The distinction between “multiple dimensions” and “multidimensionality” is extremely important–you should check that your potential vendor understands the distinction. All ABC tools handle multiple dimensions in that they support the activity, cost object, and resource dimensions, among others. The difference with BusinessObjects Metify ABM is that it can drive costs across multiple dimensions without awkward workarounds.

Achieving the same results in applications that are not truly multidimensional, if at all possible, requires assistance from a very experienced developer. Usually the workaround is to combine cost objects from multiple dimensions into a single cost object. In this scenario, “ProductA” and “CustomerB” would be combined to create a single cost object called (for instance) ”ProductA/CustomerB.” However, it’s more difficult to build the model, because each combination of product and customer must be created, and driver data must be preprocessed to conform to the cost object structure.

Furthermore, maintenance becomes very awkward. For example, if the organization gets a new customer, it’s not just a matter of adding one customer to the model–all the appropriate cost-object combinations must also be generated.

Finally, the model will be less efficient because every potential combination must be created–even though not every combination will necessarily receive cost assignment during every period.

BusinessObjects Metify ABM can also handle more complex allocations, where an activity's cost is driven first to one dimension (e.g., products) based on a primary driver, and then allocated to a second dimension (e.g., customers) based on a secondary driver. This approach is useful with activities whose driver volumes are not being collected in true multiple dimensions.

Without true multidimensionality, this is hugely complicated, and requires the creation of not only composite cost objects to mimic the combinations of cost objects, but also calls for the calculation of dummy driver volumes. Collection of data and subsequent maintenance of the model is often prohibitively difficult.

To allow you to fully take advantage of BusinessObjects Metify ABM's multidimensionality, the application includes an embedded data analysis tool that permits slicing and dicing of your chosen data. This is suitable for simple ad hoc multidimensional analysis of data. The BusinessObjects Metify Advanced Links for Business Analysis provides more sophisticated multidimensional analysis than other ABC offerings (see the section Data Integration and Reporting).

MODELING

The multidimensional modeling capability within BusinessObjects Metify ABM allows model builders and users to analyze results by cost object–thereby providing reality within the ABC models constructed, which reflect that costs may vary when the same product is provided to different customers, or to the same customer via different channels.

In addition to this inherent system design strength, BusinessObjects Metify ABM also contains a range of features that provide flexibility and ease-of-use in the creation, maintenance, and use of ABC models.

Traceability

BusinessObjects Metify ABM offers complete traceability of results. Whatever costs have been assigned during the model calculation, the user has the ability to drill through the results and see exactly how the costs have been assigned and where they originated. With this facility, it's possible to account for the calculation results, no matter how complex the model. Other solutions don't offer this level of transparency and accountability.

Allocations and Assignments

BusinessObjects Metify ABM contains allocation and assignment features that permit model builders to reflect the reality that business costs may need to be reallocated to other departments, where there is a mutual dependency between one department and another.

Account Reallocation

BusinessObjects Metify ABM allows reallocation of account costs across other departments and cost-centers before activity analysis is utilized. Some other software doesn't allow this at all.

Activity Reallocation

BusinessObjects Metify ABM allows unlimited, even reiterative, reallocations within the same, and/or to other departments. The user may control the level of reallocation precision. Other software applications have very limited reallocations; some do not permit true recursive reallocations.

BusinessObjects Metify ABM calculates each stage of the reiteration in turn. Some other solutions make an algebraic calculation that allows the reiterations to be made in a single pass, but this has two disadvantages. First, it does not allow the driver used to change during the reiterations. BusinessObjects Metify ABM allows costs to be allocated using one driver, and then reallocated if necessary using a different driver. Second, BusinessObjects Metify ABM allows the user to store each stage of

the reallocation, which provides a complete audit of how costs have been allocated to any cost-center. This isn't possible with a one-pass algebraic solution.

Easy Building of Reallocation Paths

BusinessObjects Metify ABM allows assignment paths to be specified en masse by assigning allocations to groups of target objects. In addition, BusinessObjects Metify ABM uses hierarchies for definition of assignment paths. This means that if a new cost object is introduced, then all that is required is that it be added to the group and it will be taken into account by all the existing activities.

Other software requires the allocation paths to be maintained manually. Furthermore, when defining the allocation paths, every destination object has to be individually clicked on. For models of any size, this makes model building tedious and error-prone.

Revenue Handling

BusinessObjects Metify ABM allows for input of true customer/product/channel revenues. Other software forces the use of "negative" cost figures.

Factoring, Weighting, and Periods

BusinessObjects Metify ABM allows for ad hoc changes to be applied to values (e.g., account costs and cost-driver volumes using operations such as percentage increase/decrease and "weighting"). Periods add another dimension to an entire ABC model (e.g., daily, weekly, monthly, budget, plan, forecast, etc.).

Other software offerings have no facility for ad hoc analysis other than an export to third-party tools. For example, to weight the cost-driver volumes, they require the use of multiple drivers.

Back Calculation

Other ABC software applications may claim a benefit with their back calculation facilities; however, this is sometimes just a capacity constraint flagging exercise, by using account pools. The software cannot always go back to base-level accounts.

This benefit is effectively surpassed by BusinessObjects Metify ABM's back calculation facility, which is more powerful, flexible, and allows trace back to base-level accounts on a much larger model. The user can modify driver volumes, and then assess the impact on underlying activity costs and resources.

Validation

BusinessObjects Metify ABM validates the model before calculation, informing the user exactly where a problem, if any, is located. Other software validates only after calculation, requiring the user to go through a manual check to locate problems.

SCALABILITY

User Base

No other ABC or ABM solution offers BusinessObjects Metify ABM's scalability. Solutions are available from small, single-user models to team implementations, with an upgrade path that lets you expand your project as necessary. BusinessObjects Metify ABM is deployed with hundreds of users at the Defense Logistics Organization—reported to be the largest costing exercise ever undertaken anywhere in the world.

Model Capacity

With other ABC software, there can be a restriction as to the number of items (account, activity, cost object, etc.) allowed in a model. These restrictions mean that an organization wishing to build an ABC model of any real size may require multiple models. Others try to get around this issue by building one process per model, or by modeling at a higher level of detail than they would wish.

BusinessObjects Metify ABM's data management functions have been developed specifically for ABC models. As a result, they're very efficient for both storage and calculation. Consequently, BusinessObjects Metify ABM has a very high capacity and very fast calculation engine compared to ABC software that depends on reengineering of other generic applications.

Some solutions use cost pools, which allow the user to collect costs together and then define assignment paths for the group. This is often a workaround that compensates for a slow calculation engine. The disadvantage of this approach is that the detail is lost, and subsequently the user can't follow the allocation of costs. BusinessObjects Metify ABM's efficiency allows it to calculate at the finest level of detail.

Multiuser Access

While other ABC software claims to be multiuser, this is often done by allowing multiple users to access the model simultaneously, while only one user can update the model at any given time. BusinessObjects Metify ABM supports multiple users simultaneously updating not only the same model, but even the same table. This is true multiuser capability, and is necessary for real-world collaboration between team members. Full-access security is controlled by permissions assigned by the model's administrator—ensuring that team members can be restricted in what they can do in the model, with an audit trail available for accountability.

Product Maturity

BusinessObjects Metify ABM's calculation engine is based on nearly 14 years of research and development, and as a result is not only highly optimized (for both storage and calculation) but is also extremely robust and widely used by customers around the world.

DATA INTEGRATION AND REPORTING

Import File Handling With Data Bridge

Data acquisition can be a major problem without the right tools. BusinessObjects Metify ABM has a very sophisticated import engine, called Data Bridge, which can read data from any source via flat ASCII files—including general ledgers, enterprise resource planning (ERP) systems, and data warehouses.

Other software has great difficulty being able to read many file layouts, and requires preprocessing of the source data.

External and Bidirectional Links

The BusinessObjects Metify Link for ODBC is bidirectional, copying information between BusinessObjects Metify ABM and ODBC data sources, such as Microsoft Access, Microsoft SQL Server, and Oracle databases.

Other solutions don't have such dynamic links—instead, they require a flat-file interface and custom development work to transfer information to the above products.

DEPLOYMENT

Model Maintenance

BusinessObjects Metify ABM has the flexibility to absorb changes quickly and easily, not just in the data but also in the organizational structure and resource hierarchies.

Structure

The in-built data logic in BusinessObjects Metify ABM means that when importing data from other sources (for example, the general ledger), the software will recognize and automatically update its model with new line items and dimensions.

Add a new product manually or electronically, and it automatically inherits the activity assignments and cost drivers defined for its group.

Change a department's name in one place, and all other references to that department are automatically made throughout the model.

With BusinessObjects Metify ABM, it's that easy. These structural maintenance features don't exist in other software applications, resulting in time-intensive model maintenance. Minimizing the effort required for deployment is especially important for enterprisewide applications, where the user base may be large and widely spread.

Software Maintenance

The implementation isn't limited to shipping data back and forth, but actually allows teams to run the client application in a browser, interacting with the server component over the internet or corporate intranets. Any data updates are immediately available to all other users.

International Deployment

BusinessObjects Metify ABM has multilanguage and multicurrency support, allowing users across the world to interact with one global model, by presenting data in the local currency and language. At a group level, data can be automatically converted and consolidated into the home currency. Most other ABC applications don't offer local language support.

Security

Full user access security in multiuser editions provides the administrator with the ability to define security grouping for individual users. The model's administrator has the ability to restrict team members in what they can do in the model, with an audit trail available for accountability.

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