

# PRODUCT COST MANAGEMENT

Delivering cost transparency throughout the product lifecycle



For any business size, the most important consideration after product innovation and quality is how costs will affect their ability to compete in the global marketplace. Developing detailed cost knowledge and maximum transparency across the entire value chain is indispensable for achieving excellent product cost management.

According to a Defence Advanced Research Projects Agency (DARPA) study, 80 percent of future production costs are determined in the first 20 percent of the product lifecycle. The traditional cost accounting in enterprise resource planning (ERP) systems does not provide sufficient support for a reliable cost analysis in the early phases of product development.

**Product Cost Management software allows you to make decisions in the early stages of the product lifecycle when you can have the maximum impact on costs. It comprises three modules: Product Costing, Tool Costing and Profitability Analysis.**

- Product Costing provides a company-wide platform with standardized costing methods and transparent cost drivers.
- Tool Costing contributes to reliable, detailed and transparent tool cost that will further improve the understanding of costs.
- Profitability Analysis on a project level, offers you the opportunity to optimize product costs to boost margins, profits and return on investment.

Altogether, result in reliable cost estimates and transparency in order to achieve target costs, optimal procurement prices and profitable sale prices. Various departments, such as cost engineering, purchasing, controlling and sales can cooperate by using Product Cost Management to achieve the maximum profit.

Product Cost Management provides a company-wide platform for managing calculations, and thus provides the basis for standardized costing methods, models for fact-based calculations and transparency into cost drivers with the ability for data exchange with customer-specific systems (e.g., ERP).

## Benefits

- Ensures cost-effective return on capital over the product lifecycle
- Delivers optimized purchase prices through knowledge-based cost analysis
- Provides reliable quotations with secured margins
- Delivers standardized costing methodology and a consistent database
- Enables the company-wide exchange of cost information
- Contribute to complete cost transparency for all involved business functions
- Provides efficient processes for cross-functional pre-costing

## Features

- Process-based bottom-up calculation and cost models
- Integrated cycle time calculators for selected technologies
- Flexible simulations of what-if scenarios
- Profitability calculations
- Flexible reporting functions
- The 3D visualization, analysis and extraction of cost relevant data for a part
- Cost-relevant knowledge database
- Import and export of cost breakdown sheets

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# TOOL COSTING

More transparency for tool costs



Nowadays, the tool costs become a critical focus of cost management. Global procurement markets and increasing cost pressures require professional cost management in the field of moulds and tools. As a result of shorter lifecycles paired with higher product variability, the share of tool costs in relation to the total costs of a product line is steadily increasing.

Due to margin pressure, tool costs are an important foundation for the success of products – in the quotation of costs and in the purchase price analysis. It is increasingly important to have detailed and reliable information on tool costs in the early stages of product development. Tool makers are challenged to quickly create reliable quotations and transparent cost breakdowns for tools. On the other hand, tool buyers need to constantly optimize tool spending and ensure the improved offer performance of suppliers.

**With the Tool Costing you can create valid tool cost calculations in less time and with detailed cost breakdowns. You can easily manage tool versions and changes and you can keep the calculation knowledge within the company.**

## Purchase price analysis

Cost engineers can use Tool Costing to do shadow calculations as a plausibility check on the calculations of their suppliers. Tool buyers have transparency on price composition and the relevant cost drivers and can assess quotations in detail based on cost and technology aspects.

## Target costing

With Tool Costing, tool manufacturers can easily document costing histories, changes and quickly and flexibly provide fast, required cost breakdowns in customer templates, which mean a competitive advantage for tool makers.

The Product Cost Management solution offers a unique opportunity to determine the interactions between component and tool costs at different volumes and makes tool designs reliable and transparent. You can use the combination of Tool Costing and the Product Costing for a fully integrated calculation solution.

## Benefits

- Refined understanding of cost drivers and their impact on cost
- Enhanced knowledge management for all buyers and cost analysts
- Assistance in cost structure negotiations and value engineering workshops with
- Tool manufacturers and tool suppliers
- Reduced tool spending and improved quotation performance of suppliers
- Meet target costs through a detailed and verifiable tool cost analysis
- Retain cost know-how within the company with database-driven cost calculations
- Reduced time and effort for the preparation of cost breakdowns
- Strengthened cost negotiating position for suppliers
- Improved return on investment by calculating tool variants and changes

## Features

- Parametric 3D-based methodology
- Flexible cost calculations and individual reports
- Company-wide knowledge management on a database platform
- Import and export of customized cost breakdown sheets
- Establishes reliable shadow calculations
- Supports all major tool technologies: injection moulding, die casting, progressive dies and laser cutting
- Tool profiles for flexible adaptation to specific circumstances

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