

Sixtina Cost & Profitability is a cost management software intended to provide companies and organizations with a cost analysis system that allows them to fully understand their costs and what drives them in order to improve strategic decision-making.

Product Brief

The Problem

Data analytics is the most powerful business tool in today's world. As customers become better informed, they demand better products and services, that are highly customized, to be delivered faster, and at a lower price. To stay on top, organizations need to become more and more efficient. Accurate and timely information on what drives costs and profitability becomes essential.

Traditional costing methods such as standard costing and cost accounting are unable to meet this challenge. Systems designed mainly to value inventory for financial and tax reporting don't provide managers with the information they need for decision support.

Inaccurate allocations leading to distorted data: Financial accounting principles do not require that assigned overhead costs be causally related to the demands of individual products or services, so many companies continue to use direct labor to allocate overhead, even though direct labor may account for less than 5% of total operational costs. Arbitrary allocation of overhead expense produces seriously distorted cost data leading to poor decision-making.

Information irrelevant for cost control: When it comes to cost control, data is too aggregated and reported too late. Traditional costing systems allocate common or uncontrollable costs to individual cost centers. But only those directly related to the cost center and whose consumption can be accurately measured at the cost center level should be reported to the unit manager. Ballpark estimates of labor, machine time, and support resources don't help managers' efficiency and productivity improvement efforts. Additionally, the frequency of reported information should follow the cycle of the operational process being measured.

The Solution

Aimed at overcoming this crucial problem, Sixtina Cost & Profitability provides a cost analysis system specifically intended for internal decision support. By accurately and completely allocating all costs, truly reflecting the cause-and-effect relationships that link resources and internal processes to outputs, managers and unit leaders can drill down into specific areas of the business, understand what drives costs, and make fact-based, strategic decisions that result in improved efficiency and profitability.

With the use of Sixtina Cost & Profitability organizations obtain:

Product costing:

- ✓ Learn how each product or service contributes, or does not, to the organization's overall profitability.
- ✓ Understand which of them are profitable and which are not. Get insights to influence new product design or introduction.
- ✓ Set the correct pricing strategy based on accurate cost and profitability data.

Customer profitability:

- ✓ Obtain precise cost-to-serve data to form a P&L statement for each customer or customer segment.
- ✓ Support Marketing and Sales departments by helping them target the most profitable customers.
- ✓ Get the necessary information to decide which customers to target, retain, grow, or drop.

Cost control:

- ✓ Provide unit managers with timely reports based on their unit's actual consumption of resources.
- ✓ Include not nonfinancial data that is, many times, more relevant to operation control.
- ✓ Make processes more and more efficient by identifying activities that don't add value and focusing cost reduction initiatives on those activities that are more expensive.
- ✓ Learn the cost of your unused capacity.

Simulations:

- ✓ Understand how change will impact your cost structure and financial results.
- ✓ Improve reliability of forecasting and budgeting.
- ✓ Model how initiatives will affect financial performance before they are implemented.
- ✓ Accurately predict how changes in volume will impact cost and resource requirements.

Strategic cost management:

- ✓ Implement a strategic cost management system that serves managers and internal departments.
- ✓ Expand the role of the Financial department as a strategic advisor to the business.
- ✓ Improve decision-making at all levels and overall corporate profitability.

Capabilities

Sixtina Cost & Profitability is a Cloud developed software backed by a powerful calculation engine and ETL (Extract, Transform, Load) capabilities, that allows:

Fast and complex calculations: Which, in turn, minimize error.

Flexible modeling: Adapting to any type of industry and modeling techniques.

Automated updating: Connecting to any type of database and scheduling data import to minimize periodical updating.

Inventory valuation: Materials and stock inventory valuation for production companies.

Capacity management: Used and idle capacity modeling and analysis.

About Sixtina

Sixtina Solutions has been an industry leader in Latin America for over 20 years providing performance and accounting management solutions that are seamlessly supported by capable, reliable, and affordable tools.

Our approach to management is that "Measurement is the key for improvement" and we believe any organization can exceedingly benefit from performance management software. That is why our solutions can be afforded and implemented by all sizes of organizations, and we aim to help more and more companies get the data analysis capabilities they need to thrive.

The combination of extensive implementation experience and product ownership is what makes us unique and convenient for any organization that seeks continuous improvement.

Key gains

- ✓ Accurately allocate overhead expenses to obtain individual product and customer profitability.
- ✓ Make internal processes more efficient without losing value.
- ✓ Predict how change will impact your cost structure.
- ✓ Obtain valuable insights to strategically manage your organization.

Cost & Profitability data specific to Product / Customer / Channel

Obtain P&L reports specific to product, product line, customer, channel, and combinations of them.

Combined Income Statement

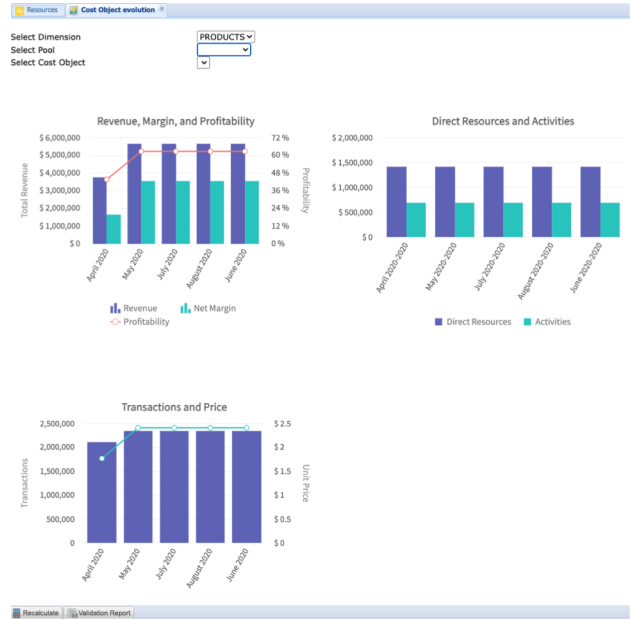
Resources | Income Statement - Combined

Report Parameters: PRODUCTS: None... CHANNELS: None... Primary Dimension for Sales: PRODUCTS CHANNELS

Report Parameters: Show fields: Order, Item, Pool, Concept ID, Concept, Period: January 2020

Order	Item	Pool	Concept ID	Concept	PRODUCTION	CHANNELS	Total	Cost per Unit Sold
0	REVENUE	REVENUE			A - Amount		102,692.00	\$1.00
					B - Price		\$15.40	\$0.00
					C - Other Sales Revenue		\$0.00	\$0.00
					D - Revenue per Sales Total		\$1,683,976.78	\$16.40
					F - Revenue Total		\$1,683,976.78	\$16.40
1	Direct Costs	Direct Resources			52210001 Marketing		\$2,632.11	\$0.03
					52212001 Returns		\$21,280.63	\$0.21
					52601 Transport Cheese		\$5,853.04	\$0.06
					53301 Transport to Channels		\$72,994.00	\$0.71
					53302 Export		\$29,738.32	\$0.29
					Direct Resources Total		\$29,765.76	\$0.29
2	Direct Costs	Direct Resources Total					\$29,765.76	\$0.29
3	Costs of Materials				C - Cheese		\$25,694.30	\$0.26
					C - Cheese Total		\$99,274.67	\$0.73
					C - Milk		\$2,732.05	\$0.03
					C - Packing		\$95,363.43	\$0.93
					C - Misc		\$131,336.44	\$1.28
					C - Soft Ingredients		\$5,977.56	\$0.06
					C - Soft Ingredients Total		\$273.84	\$0.00
					C - Sweets		\$417.18	\$0.00
					C - Sweets Total		\$2,100.01	\$0.02
					C - Sweets Total		\$143,517.47	\$1.38
					C - Sweets		\$21,377.88	\$0.21
					C - Sweets		\$532.80	\$0.01
					C - Sweets Total		\$23,910.68	\$0.23
					Costs of Materials Total		\$1,246,492.60	\$12.14
4	Costs of Materials	Materials Total					\$1,246,492.60	\$12.14
5	Total Direct Costs	Total Direct Costs					\$1,276,258.38	\$12.76
6	Gross Margin	Gross Margin					\$408,718.40	\$3.97
7	Costs of Activities				A31 Divide Products		\$11,899.19	\$0.12
					A32 Produce Cheese		\$123,366.62	\$1.20
					A33 Pack Cheese		\$35,427.33	\$0.35
					A34 Produce Grated Cheese		\$23,892.42	\$0.23
					A35 Pack Grated Cheese		\$35,427.33	\$0.35
					A36 Other Tasks Cheese		\$184,314.65	\$1.80
					Commercial Total		\$414,287.54	\$4.04
					A7 Sell, Deliver and Collect		\$130,218.96	\$1.27
					A8 Visit Clients		\$128,861.18	\$1.26
					Management Total		\$130,218.96	\$1.28
					A4 Process and Pay Milkers		\$18,547.02	\$0.18
					A6 Other Administrative Tasks		\$36,065.80	\$0.35
					Management Total		\$54,612.82	\$0.53
					A16 Produce Desserts		\$3,070.63	\$0.03
					A17 Produce Cream		\$3,791.49	\$0.04
					A18 Produce Butter		\$3,989.38	\$0.04
					A19 Produce Protein Milk		\$4,497.22	\$0.04
					A50 Other Tasks Milk		\$41,744.05	\$0.41
					Milk Total		\$57,992.68	\$0.56
					A10 Produce Sweets		\$199,029.41	\$1.94
					A11 Pack and Stow		\$18,686.72	\$0.18
					Sweets Total		\$217,716.14	\$2.13
					Transport		\$75,540.00	\$0.74
					Costs of Activities Total		\$949,668.13	\$9.29
8	Total Costs of Activities	Total Costs of Activities					\$949,668.13	\$9.29
9	Total Costs	Total Costs					\$2,225,756.51	\$21.55
10	Net Margin	Net Margin					\$408,718.40	\$3.97
11	Profitability	Profitability					24.25%	

Cost Object Evolution chart



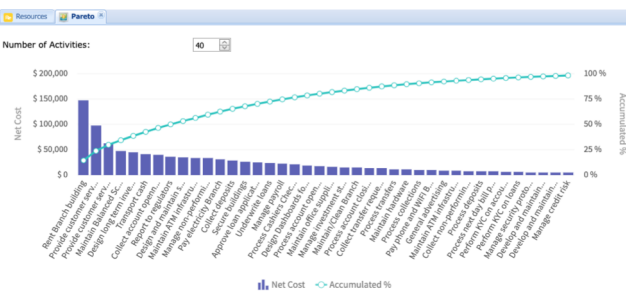
Income Statement chart



Cost control and process efficiency

Obtain reports on activities and processes

Pareto chart



Process report

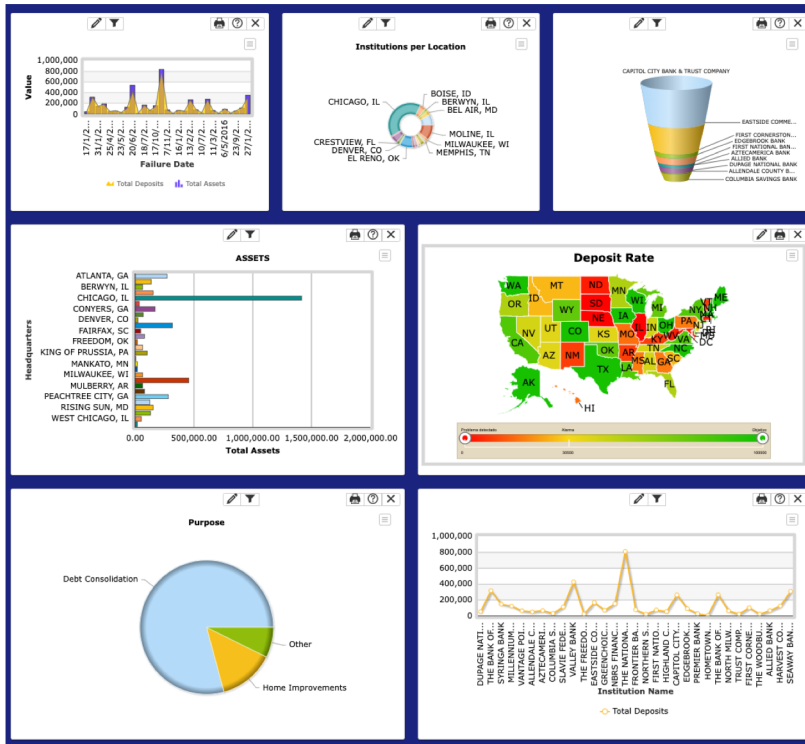
Resources | Process report

Period: January 2020

Activity ID	Activity	Driver	Driver unit	Act. Driver	Operating Cost	Received Cost	Allocated Cost	Net Cost	Operational Unit Cost	Net Unit Cost
A16	Produce Desserts	Work percentage	%	100.00	\$2,493.33	\$514.48	\$0.00	\$1,978.85	\$4.15	\$3.71
A17	Produce Cream	Work percentage	%	100.00	\$2,843.80	\$1,238.30	\$0.00	\$1,605.50	\$3.51	\$3.76
A19	Produce Protein Milk	Work percentage	%	100.00	\$2,264.42	\$1,238.30	\$0.00	\$1,026.12	\$3.58	\$4.97
A18	Produce Butter	Work percentage	%	100.00	\$1,274.82	\$614.48	\$0.00	\$660.34	\$3.73	\$3.89
A19	Other Tasks Plant	Proportional parts	%	100.00	\$4,294.32	\$1,514.14	\$6,238.80	\$0.00	\$4,012.38	\$0.00
A26	Receive and Stow Raw/Prod	Proportional parts	%	100.00	\$1,083.13	\$1,514.14	\$1,083.13	\$0.00	\$98.02	\$0.00
A27	Pack Finished Products	# Sale Orders	#	802.00	\$8,827.37	\$3,989.27	\$12,085.00	\$0.00	\$131.11	\$0.00
A25	Process Orders and Load Trucks	Work percentage	%	100.00	\$1,891.82	\$3,989.27	\$12,049.00	\$0.00	\$99.82	\$0.00
A31	Divide Products	Proportional parts	%	100.00	\$1,891.82	\$0.00	\$0.00	\$13,880.19	\$13.89	\$13.89
A11	Pack and Stow	Proportional parts	%	100.00	\$18,686.72	\$0.00	\$0.00	\$18,686.72	\$186.87	\$186.87
A34	Produce Grated Cheese	Work percentage	%	100.00	\$23,892.42	\$0.00	\$0.00	\$23,892.42	\$238.92	\$238.92
A10	Produce Sweets	Proportional parts	%	100.00	\$199,029.41	\$199,029.41	\$0.00	\$199,029.41	\$381.03	\$1,990.29
A24	Produce According to Sale Order	# Sale Orders	#	802.00	\$75,540.00	\$5,675.68	\$80,214.48	\$0.00	\$79.09	\$0.00
A37	Transport Finished Products	Kilometres Covered	KM	6,470.00	\$75,540.00	\$0.00	\$0.00	\$75,540.00	\$11.80	\$11.80
A7	Sell, Deliver and Collect	Proportional parts	%	100.00	\$130,218.96	\$27,235.54	\$0.00	\$102,983.42	\$1,029.83	\$1,302.91
A32	Produce Cheese	Work percentage	%	100.00	\$128,861.18	\$4,515.22	\$0.00	\$124,345.96	\$1,243.46	\$1,233.87

Dashboards and KPIs

Create dashboards and scorecards to follow specific indicators.



BSC and options	02 Back Office	T	ST	Curren...	Target	Deviation	M	Period	Direction	Perspective	Responsible	WA
Overall Performance Back Office				6,34	7,00	-9,47 %	Pt	30/06/2020	Maximize	Customer	Liam Johnso...	20 %
2.01 Collection of NP Assets				3,554,61	5,000,00	-29,91 %	uS\$	30/06/2020	Maximize	Financial	Liam Johnso...	15 %
2.02 Account opening time				3,00	2,00	-50,00 %	df	31/12/2020	Minimize	Internal processes	Liam Johnso...	15 %
2.02.01 Business Checking Ac...				2,00	2,00	0,00 %	D...	31/12/2020	Minimize	Internal processes	Liam Johnso...	
2.02.02 Consumer Checking Ac...				4,00	3,00	-33,33 %	D...	31/12/2020	Minimize	Internal processes	Liam Johnso...	
2.03 Overall loan approval time				2,25	1,50	-50,00 %	df	30/06/2020	Minimize	Internal processes	Liam Johnso...	15 %
2.03.01 KYC Consumer				4,00	2,00	-100,00 %	df	30/06/2020	Minimize	Internal processes	Theodore B...	25 %
2.03.02 KYC Business				3,00	2,00	-50,00 %	df	30/06/2020	Minimize	Internal processes	Theodore B...	25 %
2.03.03 Credit Check Consumer				1,00	1,00	0,00 %	df	30/06/2020	Minimize	Internal processes	Theodore B...	25 %
2.03.04 Credit Check Business				1,00	1,00	0,00 %	df	30/06/2020	Minimize	Internal processes	Theodore B...	25 %
2.04 Transfers processing time				9,00	2,00	-350,00 %	h	31/12/2020	Minimize	Internal processes	Liam Johnso...	10 %
2.05 Payments processing time				2,00	2,00	0,00 %	h	30/06/2020	Minimize	Internal processes	Liam Johnso...	10 %
2.06 Deposits processing time				5,00	2,00	-150,00 %	h	30/06/2020	Minimize	Internal processes	Liam Johnso...	10 %
2.07 IT				0,00	2,00	100,00 %	Q	30/06/2020	Minimize	Internal processes	Liam Johnso...	20 %
2.07.01 Critical issues IT				17,00	10,00	-70,00 %	Q	31/12/2020	Minimize	Internal processes	Liam Johnso...	
2.07.02 IT onboarding time				1,00	1,00	0,00 %	h	31/12/2020	Minimize	Internal processes	Liam Johnso...	
2.07.03 Malware Attacks				4,00	5,00	20,00 %	Q	31/12/2020	Minimize	Internal processes	Liam Johnso...	
2.08 Lending approval time				5,76	7,00	-17,69 %	Pt	31/12/2020	Maximize	Internal processes	Amelia Evan...	
2.08.01 Business Term Loans				5,00	3,00	-66,67 %	D...	31/12/2020	Minimize	Internal processes	Amelia Evan...	15 %
2.08.02 Business Real Estate Fl...				5,00	7,00	28,57 %	D...	31/12/2020	Minimize	Internal processes	Amelia Evan...	15 %
2.08.03 Consumer Mortgages				9,00	7,00	-28,57 %	D...	31/12/2020	Minimize	Internal processes	Amelia Evan...	30 %
2.08.04 Consumer Loan				7,00	3,00	-133,33 %	D...	31/12/2020	Minimize	Internal processes	Amelia Evan...	30 %
2.08.05 Business Credit Card				2,00	2,00	0,00 %	D...	31/12/2020	Minimize	Internal processes	Amelia Evan...	5 %
2.08.06 Consumer Credit Card				6,00	2,00	-200,00 %	D...	31/12/2020	Minimize	Internal processes	Amelia Evan...	5 %
2.09 Transactions processed				6,31	7,00	-9,84 %	Q	31/12/2020	Maximize	Internal processes	Amelia Evan...	
2.09.01 Consumer Checking Ac...				93,00	90,00	3,33 %	Q	31/12/2020	Maximize	Internal processes	Theodore B...	25 %
2.09.02 Consumer Next Day Bil...				5,856,00	5,500,00	6,47 %	Q	31/12/2020	Maximize	Internal processes	Theodore B...	25 %
2.09.03 Consumer Transfers				799,00	850,00	-6,00 %	Q	31/12/2020	Maximize	Internal processes	Theodore B...	25 %
2.09.04 Consumer Cashier Che...				270,00	750,00	-64,00 %	Q	31/12/2020	Maximize	Internal processes	Theodore B...	25 %

