

Beyond Activity Based Costing:

Process Based Costing and Business Modelling

This white paper is intended to help a newcomer to CostPerform become acquainted with some of the specific features that allow you to deliver 'Process Based Costing' and 'Business Modelling' which differentiates CostPerform from other ABC software tools.



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CostPerform Makes Modelling and Maintenance Easier

Activity Based Costing and Business Modelling

Activity Based Costing was originally created in the mid 1980s to overcome an emerging problem in the use of traditional cost accounting. Traditional cost accounting was based on the assumption that overhead costs affected products approximately in proportion to the flow of direct costs to products. While this was generally true for decades, it ceased being true as indirect costs grew in proportion to total costs. For the past 50 years, using traditional cost accounting has almost always overstated the cost of high-volume, standard products and understated the cost of customised, lower volume products.

Since the 1980s ABC has been relied upon to make the cost of processes and outputs visible. ABC methodology and software was successful in supporting better cost understanding leading to revised, profitable strategies and pricing schemes for its users. As one of the first comprehensive business modelling software systems and disciplines, ABC methodology was used to model business operations to support reengineering and continuous improvement projects in many industries.

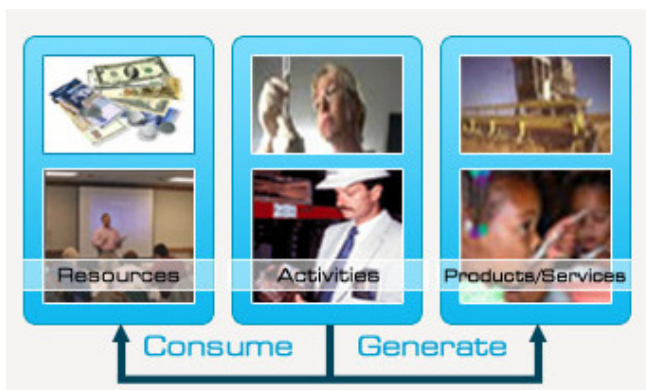
Though helpful, ABC did not live up to its expectations in the application to business process improvement projects. The architecture of ABC models imbedded in the software was aimed at overhead allocation improvement, not business process modelling. Until now, ABC software systems have had very limited usefulness in process modelling and the support of budgeting and planning in complex organisations. Some functionality has been added on to the original software systems, but CostPerform is the first system totally designed from the ground up to be a comprehensive business process and product costing platform.

The Need for a New Architecture for Business Modelling

The original ABC architecture is based on a manufacturing model that maps the flow of costs from financial 'objects,' such as resources paid to perform work, to the activities they perform to accomplish the work, and then to the output(s) of work delivered to customers. This traditional ABC architecture is visually described in Figure 1 and consists of three 'layers'—resources, activities and 'cost objects' (products or services).

The methodology used to implement this architecture started with decomposing general ledger items into activities of the organisation and then tracing the activities into the products and services ultimately consumed by third parties.

Figure 1. The Traditional ABC Architecture



This traditional approach helps organisations assign overhead costs to products and services more accurately than previous costing methodologies. Traditional questions answered using this ABC architecture include customer profitability, 'true' net margin of products, and the cost of activities performed in the organisation. Most ABC software applications are designed to support this, and only this, architecture.

Organisations have struggled with this traditional model. Although it presents improved information over regular cost accounting, it is limited in its ability to produce accurate costs of business processes.

A clear understanding of the different types of business processes and their cost is fundamental to making effective changes in the organisation. Traditional models are unable to forecast the effects of proposed changes to products, to services, or to the processes used to produce the services delivered.

Viewing only the results of a past period, users don't have a real-world model to project how the organisation will work over time. Often a separate methodology has been employed to budget and predict organisational impact from various change efforts, usually with limited results. The ABC software systems have responded with separate, though integrated, 'planning modules' that allow the use of some of the structure of the analytical models, but require significant additional effort to use.

Integrating planning with the budgeting process has been a need that has not been fulfilled by ABC modelling in the past. To be useful and effective for strategic budgeting, the methodology and supporting model must allow users to vary consumption-based processes. They need to easily answer how the required resources would be affected in coming years. Public sector users have had particular difficulty with this disconnect in traditional ABC. Linking budgets, performance reporting, and planning is a necessity that has not been met.

CostPerform was designed to allow the model to forecast changes in the workload and in the productivity of the processes used to handle that workload. Traditional ABC architecture and software do not allow users to vary consumption-based processes. For instance, inflexible architecture forces the model to apply the same consumption rate to both fixed and variable resource costs providing a distorted view when fixed costs remain at the same level while variable costs change with the amount of service demanded. To see the real, separate effects, additional analysis outside the ABC model has been required.

Flexible Architecture for Business Modelling

The value of the new architectural approach is the increased ease of understanding and communicating how costs flow through the organisation. The intricacies of the organisation are not buried in complex model assignments. Each analyst and each manager can drill into the cost of any output through an interactive report to understand the composition of the total cost. In flexible architecture models all translations are moved to the appropriate hierarchy layers of the model. In these separate layers they become visually clear and managers can easily see how processes are built from activities performed in the organisation.

Traditional ABC architecture does not provide a visible grouping of activities into different types of processes. These processes are not explicitly shown or costed directly in the models. To answer the need for alternative groupings of resources and activities, most ABC systems have added the ability to filter and sort these objects for reporting. To see these alternatives groupings, attributes are attached to each resource or activity, and reports are run after calculating the model. The reports are static and valid only until any change is made to the model.

CostPerform reflects the complexity of both the organisations structure and the business processes by allowing the model designer to use multiple 'levels' in the model. The complexity is built into a logical progression of workflow that reflects how the organisation actually works. That workflow is visible in the model and in the reports generated. In ABC models complex assignments or drivers are used to make the translation from activities into outputs, in effect ignoring processes altogether. As a result, managers are unable to see or understand what costs vary with outputs; what costs vary with improvements; and what costs remained fixed over a large range of services and volume changes.

If activities were grouped into processes, managers could not see where the work was being performed in the organisation. The traditional ABC architecture does not allow concurrent, active, alternative views. This completely disconnects the model from accountability and renders it difficult to use for budgeting.

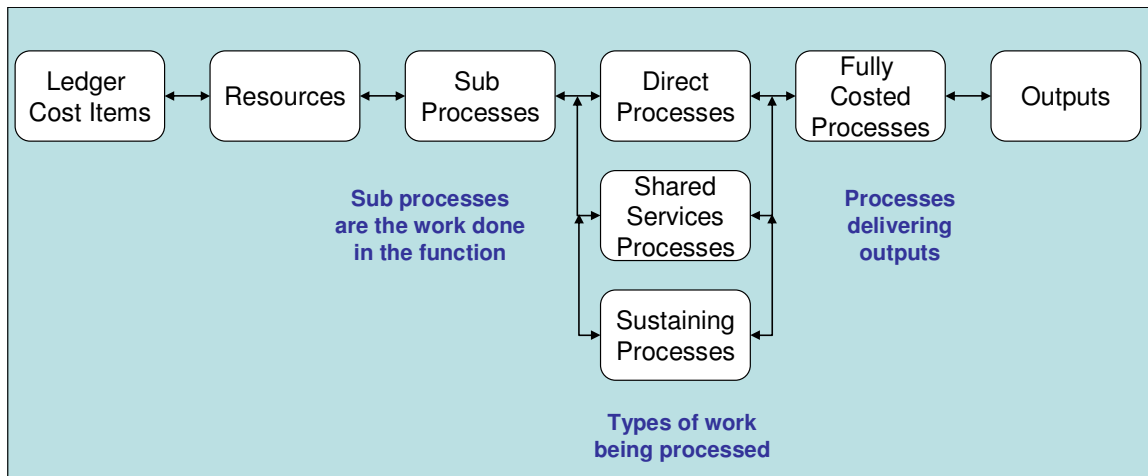
In CostPerform, process components, such as a specialised telephone system used for customer service, is shown first where it is budgeted, often in the IT budget. From there, it is directly linked to the service that is produced for customers. The customer service personnel are also linked to this service, making the cross functional business process easy to understand.

A flexible architectural approach allows managers to understand their business visually and to craft questions that examine the intricacies of what truly consumes resources and drives cost.

Activities must be grouped by the organisational chart to relate to the budget, but activities must be grouped by business processes to show how processes change with different budget assumptions and scenarios. A flexible architectural environment allows models that show both.

Traditional designs give only static reports of process roll-ups of activities. CostPerform can serve as the core of process improvement analysis effectively while simultaneously showing accountability and budget for the organisation.

Figure 2. CostPerform's Flexible Business Modelling Architecture



The architectural structure shown in Figure 2 is one possible alternative that has been implemented in large government agencies with the flexible business modelling approach. In this model, as in traditional ABC architecture, the resources are traced to activities. The activities (or sub-processes) are next mapped to the business process or processes that they are a part of. The sustaining, shared service, and direct components of each process cost and product cost are reported separately and simultaneously. This allows for a continued drill-down into the components of each cost category.

The new approach facilitates expanding the original ABC design beyond overhead allocation. It is now much easier to report on the costs and composition of business processes that cross organisational lines. The cost data needed for strategic, operational, and accountability requirements are all available in the single model design. This frees the model design team from having to choose what not to show and report.

Our experience using this modelling approach is that we develop models faster than we could with ABC software products. We have learned that:

- We can build the draft model from limited interviews and readily available data
- We can target information gathering in client interviews and workshops to questions in the context of a draft model that has been built from client data.
- The questions and data needs are in a context that is clear to the managers involved.
- The model builders do not need to formulate complex assignment relationships and drivers since the complexity is spread across multiple model levels and hierarchies within each level.
- The activity level can be grouped entirely within familiar organisation codes. Activities from several organisations can then be traced to the business processes.
- Sustaining costs can be traced or allocated to business processes in a step isolated from the tracing of direct costs, eliminating the confusion that results from doing both in the same step.
- Teams of people (resource pools) that do in fact work on different activities as the demand for those activities arises are assigned to each activity based on demand and not historical averages. This allows the users to see these effects without having to estimate them in advance.

The flexible architecture methodology is an integrated approach using assignment mechanisms that accurately represent the fixed flow of resource costs to activities and services while simultaneously managing the variable consumption of resources by activities and services. Flexibility allows the analysis of dynamic scenarios and makes visible the effects of varying service volumes, productivity rates, and other process changes needing evaluation in the budget development and analysis process. Traditional ABC models do not easily support dynamic 'what-if' analysis.

Defining Processes within Flexible Architecture Modelling

The following processes are present in all complex organisations:

Direct Processes

Processes that directly produce the products or services of the organisation and vary based upon product or service levels.

Shared Services Processes

Processes that have grown as organisations move toward centralising services more effectively provided within a separate organisational group. In many large organisations the Human Resource Department (HR) contains processes in this category. These costs are seen as outside of the control of functional managers in the organisation but they can be related to their direct processes. HR, for example, is a function of number of employees and can be related to a direct process by the number of employees supporting that process. Likewise, IT organisations centrally supply certain services to specific users in the organisation.

Organisation Sustaining Processes

Processes, such as financial management and reporting, that are not necessarily driven by service levels, yet are required to keep the organisation functioning. It is important to clearly identify these as they can be improved like any other process and indirectly affect the overall performance of the organisation.

Understanding the different types of processes is critical to developing an effective business model for any organisation. Business process modelling allows for a level of clarity and usefulness that was just not available with ABC modelling alone. Overhead costs are allocated by overhead process, not by general ledger item. A total amount of 'Fixed Business Sustaining' is a component of each product cost. Drilling down on that will trace all the way to how much of the CEO's salary and how much of the annual audit fee are included, but now we can see the forest and not just the trees. Performance measurement becomes clear.

Business Cost Allocation Methodologies Using Flexible Architecture

There are three types of allocation of cost in ABC and Business Process models:

- Direct tracing,
- Allocation with a cause-and-effect driver, and,
- 'Spreading' of overhead not traceable to a specific product or service.

Typically the choice of allocation is dependent upon which type of process has been defined. Unlike the traditional fixed ABC architectural approach, a flexible architecture supports the simultaneous use of these methodologies without masking the costs of the processes themselves.

Direct Tracing

Direct Tracing is allocating an account's entire cost to a single account at the next level of the model. For example, tracing employees specifically assigned to maintain the IT network to the activity of 'Maintaining the IT Network'. That activity, in turn, may be traced directly to the process 'Supporting Network Access' along with the contract for network connectivity and the equipment charges associated with the network backbone.

Allocation with cause-and-effect driver

This allocation type is also a type of tracing but the 'account' at one level is allocated to multiple 'accounts' at the next level. The tracing uses a 'driver' that reflects a real-world cause-and-effect relationship. Drivers in this category allocate or 'pull' the cost of resources according to the demand on the processes they perform which, in turn, is governed by the number of requests for the services the processes support. An example is the process of accepting and processing application forms in an insurance office. The amount of resource needed is a function of the number of applications or applicants.

‘Spreading’ of overhead not traceable to a specific product or service

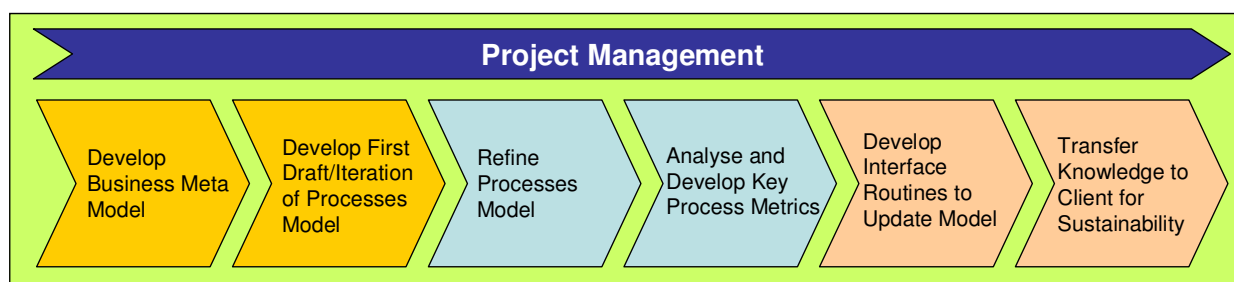
‘Spreading’ of overhead is typically done with some of an organisation’s sustaining processes if these costs are required to be passed to the products and customers. These costs are ‘pushed’ to each product or service; each product or service is ‘taxed’ a corresponding amount. These costs are typically fixed having no variation for changes in service volumes for specific services. If service demands drop, the effective cost per service rises as these costs ‘spread’ across a smaller number of transactions.

Sustaining processes can also be left as a cost that isn’t spread to other levels. In this case the organisation needs to bear in mind that the services need to be paid for as a budgeted item financed by the net margin made by the business (Net margin = Revenue – Allocated costs)

Project Methodology for Building Effective and Sustainable Business Models

The CostPerform approach follows a multi-stage methodology to develop and implement effective, useful and efficient models that are completely sustainable by client organisations. It is important to understand that the steps are not a rigid sequence. While certain stages depend upon outcomes of the previous stage in the cycle, tasks within each stage may be addressed simultaneously. The following graphic describes this methodology.

Figure 3. ABC/M Suggested Methodology



Developing the Business Model in a Flexible Architecture Environment

Organisations must first develop the basic model structure that accurately reflects how the organisation operates. This includes identifying the products and services delivered, the definition of the processes that deliver them and the associated resources that are needed to perform the process activities.

A key component of this stage is identifying the key strategic questions or issues facing the organisation. This understanding will directly impact the design in a flexible architectural environment. We work with clients to identify these important strategy questions and choose the appropriate model detail. The steps involved during this stage are:

- 1) Define the organisation’s products, clients and services. The model can include any number and combination of products, clients and services and will depend on the strategic issues facing the organisation.
- 2) Define the direct processes that support the delivery of products and services.
- 3) Define the shared service processes that support multiple business processes.
- 4) Define the sustaining processes needed to sustain the whole organisation.
- 5) Define the activities by functional organisation at the level of detail necessary and appropriate to trace to one or more processes.
- 6) Define the resources that support each functional organisation.
- 7) Trace cost items in the General Ledger (GL) to the organisation’s resources.

Refine the Business Model and the Strategic Metrics

With the flexible architectural approach more time and effort is spent on understanding the business and significantly less on chasing unnecessary data. CostPerform calculates its drivers between the intermediate layers based on the volumes of output produced and the characteristics of the processes used to produce them. Our goal at this stage is to test assumptions in the model. Reviewing the model with subject matter experts within the organisations allows the modeler to find and fix any misunderstandings on how the products are produced and delivered in the organisation.

Create Direct Interfaces to Update the Refined Business Model

After a final refined business model has been developed, complete with any process changes and service level changes, the process of automating the import of data in the model for future periods can begin. The goal is to minimise the amount of time spent populating the model with data while maximising the amount of time evaluating results against expectations. At this stage our experienced staff will:

- 1) Create financial data update automation scripts and routines,
- 2) Create driver and quantity data automation scripts and routines, and
- 3) Create strategic performance metric updates and measurement routines.

The CostPerform Software Tool Outperforms Traditional Software

CostPerform is superior to other 'commercial off-the-shelf' ABC software available today. Other ABC software packages are based upon the traditional ABC architecture which is limited to a layer for resources, a layer for activities and a layer for outputs or services. These packages provide no separate layer for activities to be aggregated into processes and require overhead allocations to be mixed into the same step as the tracing of direct costs. This makes it difficult for the model to report out these underlying differences in cost behaviour and can lead to incorrect decisions about the resource needs to achieve associated strategic outcomes.

Allocating Costs

CostPerform supports a greater variety of cost allocation rules than any other ABC package. These other packages only support using drivers that allocate the cost of each account in one layer of the architecture to one or more accounts in subsequent layers. In addition to providing this basic capability, CostPerform allows allocations to be made directly from a group of accounts. This capability avoids the time-consuming, repetitive use of the same driver for multiple accounts in one group being assigned to the same destinations. In addition to being a significant time-saver in model-building, this feature greatly enhances reporting capability and provides greater clarity of the information for management.

When allocations are analysed to see where costs originate the list is short and has meaningful titles. As an example, 'CFO overhead' is more meaningful to management as opposed to listing all of the activities within that category group such as financial statement preparation, audit fees, audit support, budget preparation and so on. Of course, all of that detail is available with further drill-down, but management's understanding of the information is not obscured by a cloud of unneeded detail at the first layer of reporting.

Identifying and Calculating Unit Costs

Unit cost reporting is a basic functionality of CostPerform. This application calculates unit costs at all levels of hierarchy in each of the layers in the chosen architecture. You can see unit costs for:

- services and products to customers;
- unit cost of business processes at the shared service, or intermediate level;
- and, most importantly, for performance analysis and improvement, unit cost for direct costs only and, separately, with overhead applied.

The screen in Figure 5 is a sample of an actual report from CostPerform that shows its drill down capability

Figure 5. Reporting Features and Web-Based Sample Report

Object	Relative %	Global %	Relative Costs	Costs/Unit Output
001 [B Leather US Desk Seats front leather]	100.0%	100.0%	3,086,095.31	722.39
7000 % [Mat 444999 (S&P 0412)]	30.0%	29.0%	924,040.39	216.70
Mat702525 [material 227]	22.5%	6.2%	230,245.44	48.77
Mat702546 [material 225]	19.0%	5.7%	175,963.90	41.19
Mat702530 [material 225]	18.2%	5.4%	187,761.44	38.27
Mat702606 [material 201]	14.0%	4.8%	187,775.92	39.28
Mat702624 [material 225]	14.8%	4.4%	136,616.50	28.96
A14425 011 361405 [14425 Logbook]	2.2%	0.7%	23,111.70	4.75
14425 [Logbook Seat 44445]	100.0%	0.3%	28,444.74	4.36
Mat702599 [material 221]	1.9%	0.6%	17,686.89	4.14
Mat702611 [material 222]	4.7%	0.2%	15,891.81	3.72
A14425 021 361405 [14425 Fire assembly]	3.9%	0.4%	13,629.94	3.19
Mat702598 [material 204]	1.1%	0.3%	10,594.55	2.48
Mat702602 [material 227]	2.0%	0.2%	9,971.22	2.10
A14425 041 361405 [14425 Fire conditioning]	0.7%	0.1%	6,914.47	1.40
Mat702604 [material 220]	0.2%	0.1%	2,136.93	0.50
A14425 011 361405 [14425 Testing]	0.2%	0.0%	1,409.99	0.32
T018174 [Mat Right Seat B Fabric]	11.0%	21.0%	647,200.14	136.30
T025171 [Mat Left Seat B Fabric]	19.6%	19.6%	603,524.11	141.27
S [General cost 1 %]	12.0%	12.0%	371,215.99	86.90
T025187 [Mat Left Seat Backpart Book B Fabric]	8.0%	8.0%	273,356.50	63.04
T025190 [Mat Right Seat Backpart Book B Fabric]	8.6%	8.6%	286,086.21	62.45

Distinguishing Overhead Costs

The term 'Overhead Costs' is often used to include all costs not within the authority of individual functional managers. This category can include cost from other functional areas or organisational units include shared services needed by and used by the functional managers.

These services include support for IT systems; the HR services; costs of managers and staff at various levels in the organisation; as well as the general overhead of keeping the doors open and lights on for the entire organisation. Shared services are used by different business functions in proportions driven by transaction volumes, by number of employees, and by many other factors. Their impact on process and product costs is distorted if they are allocated as 'overhead.'

CostPerform allows you to develop an organisation's model by keeping shared services and overhead sub-processes separate and visible. Shared services are then traced to processes by cause and effect relationship. True overhead is different from a shared service in that it has no cause that can be traced to individual direct processes. Overhead is allocated by management's method of choice. Examples of true overhead are the costs of the CEO or the audit fee. These direct and overhead components of processes and output costs are readily visible in CostPerform reports at the fully allocated or fully costed level.

The screen in Figure 6 illustrates the direct and overhead portions of a hospital cost model (notice the procedures and the support for the procedures are illustrated separately, yet a total procedure cost is also easily found).

Figure 6. Conveniently Models and Illustrates Direct and Overhead Components

LINES	NAME	LINES	LINES	LINES	LINES	LINES
1	990301	Dr. Cost	99		10,000,000.00	10,000,000.00
2	990302	Dr. Support	99		7,000,000.00	7,000,000.00
3	990303	Dr. Total	99		17,000,000.00	17,000,000.00
4						
5						
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‘What if?’ Scenarios

One of the most important applications of an ABC model is its ability to show the impact of changes in model variables and monitor the impact. In CostPerform one model can contain multiple periods including budgets, actuals and scenarios. In order to make the variables easy to change we can put them in one place in CostPerform.

Figure 7a. Can Accommodate What-If Scenarios for Analysing the Impact of Variables on the Model

Symbol	Name	Link	Value
1	99030101	Class size 1	No of students
2	99030102	Class size 2	No of students
3			

Then, if we change certain variables we want to be able to see the impact. CostPerform can calculate back through the different layers up until resources where we can see the impact on capacity usage:

Figure 7b. 'What-If' Illustrates Impact of Changes in Model Variables

Symbol	Name	Unit	Total Costs	Total Scope (a...)	Quantitative C...
1	20_01	Teachers	100,000.00	1,890.00	2,390.00
2	20_02	Teachers (WAL)	20,000.00	400.00	-400.00
3	20_03	Classroom	40,000.00	1,720.00	-1,720.00
4	20_04	CEO	100,000.00	1.00	-1.00
5					

The results of the scenario can be compared to the base period (an actual or budget) in order to see the effects in perspective:

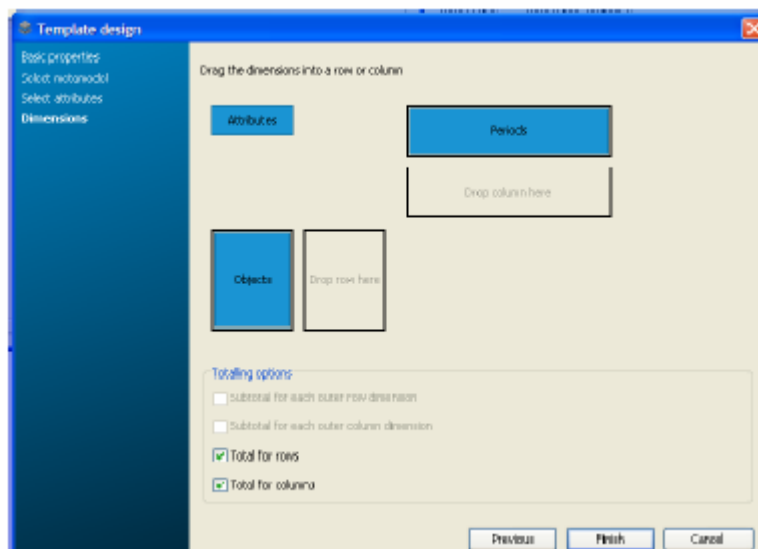
Figure 7c. CostPerform Reports Compare Base Period with 'What-If' Impact

2005				Scenario 1			
Symbol	Name	Total Costs	Total volume	Unit Costs	Total Costs	Total volume	Unit Costs
40_01	Class 1	158,369.16	50.00	3,167.38	145,615.73	40.00	3,640.39
40_02	Class 2	101,620.81	15.00	6,775.39	91,806.26	12.00	7,650.52

REPORT WIZARD

CostPerform has a report wizard that allows for easily developed tailored and repeatable report design.

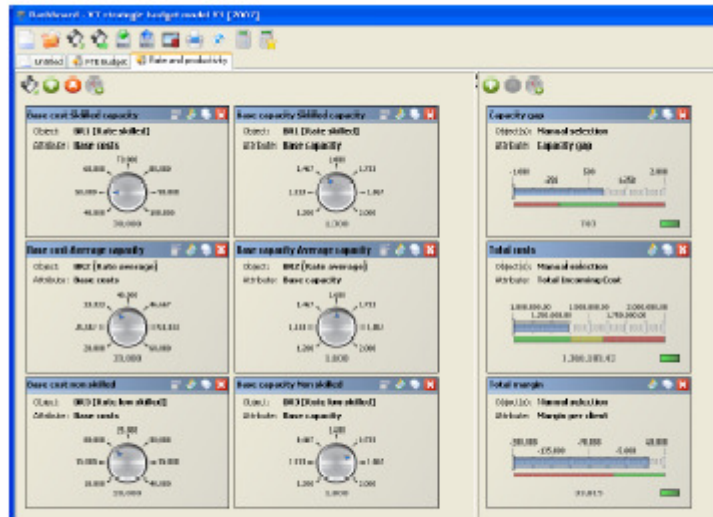
Figure 8. Report Wizard Features Easy Drop and Drag Technology to Customise Repeatable Reports



DASHBOARD FEATURE

CostPerform has a dashboard that allows the user to select cost and non-financial components to view, monitor, and even vary to analyse the impact of changes in the variable on resources, processes, and outputs.

Figure 9. Dashboard Features for Monitoring Model Cost or Non-Financial Metrics



Unique CostPerform Features

Originally developed in 1992, CostPerform has built upon the original ABC function—to assign overhead costs to products and services more accurately—but it also supports the flexible architecture methodology preferred by organisations and a cornerstone of the business modelling approach.

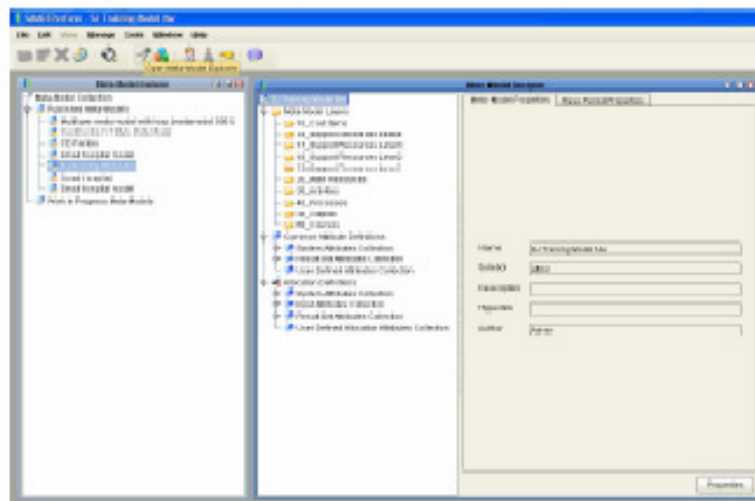
CostPerform provides today's managers with the ability to accurately model the relationships that drive process performance. It allows them to understand fully the consumption of those processes by the services being provided. It is the only tool that provides the functionality to support strategic budgeting as part of its core capabilities.

CostPerform incorporates several important features in its design that have proven difficult to add to traditional ABC software: the capability to use flexible architecture, use of multiple drivers for distinct types of processes, and audit trails of data and model structure changes.

Flexible Model Architecture

Currently available ABC software does not take into consideration flexibility in designing the most appropriate architecture for any given organisation. Every organisation has different strategic issues as well as differing organisational structures. CostPerform allows each organisation to set up an appropriate number of levels in the model architecture to meet their needs.

Figure 10. Example of 'Meta-Model' view in CostPerform

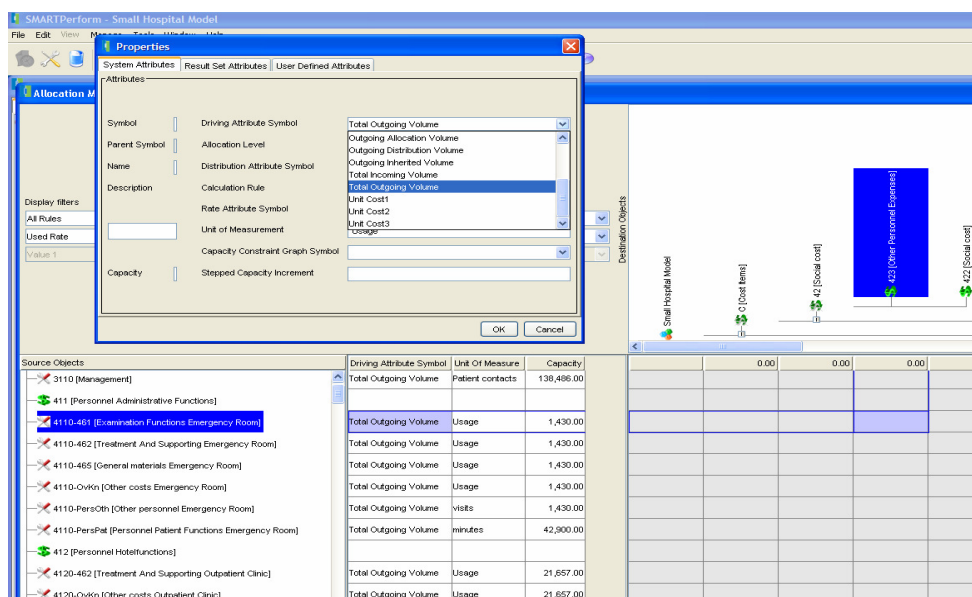


Use of Multiple Driver Types for Distinct Processes

CostPerform supports the use of multiple driver types in developing business models. Alternative output quantities or process productivities could not be easily developed or envisioned using the traditional ABC model approach and software. The flexible architecture allows the model layers to be expanded and is critical to developing and understanding business processes as they occur across functional areas within an organisation. Equally necessary is the ability of the model to 'think backwards'—this means developing the budget requirements accurately for alternative output mixes and quantities.

In CostPerform consumption rates can be developed from a base period and then they are revised iteratively as the model is completed. The model will add or subtract resources from the organisation's current capacity (e.g. number of employees providing the service) and let the manager know the impact that changes in the level of service will have on the needed number of resources. The manager will know what processes vary by service levels, what processes vary by process levels, and what processes remain fixed independent of service levels.

Figure 11. Use of Multiple Driver Types in CostPerform



Audit Trails

CostPerform has an audit log that records any and all changes to the data, or assignments on which the model results are based by authorised users. Knowing what changes were made by whom and when is critical for using a tool to facilitate budgeting and reporting in a complex organisation. It becomes even more important in a distributed environment whereby multiple agencies will be using this software to support a higher level strategic budget. Rolling up agency information at this higher level necessitates some degree of comparability. The audit trail feature couples flexibility at the agency and organisation levels and the ability for analysts and managers to keep track of and understand version improvements and updates to the model.

User Friendly Data Input and Assignment Matrix

CostPerform has a unique assignment matrix feature that makes data input easy and results in a well organised display. All imported assignment data and any attribute values (cost, unit quantities, etc.) are immediately shown in the matrix for ease of analysis and evaluation of alternative scenarios.

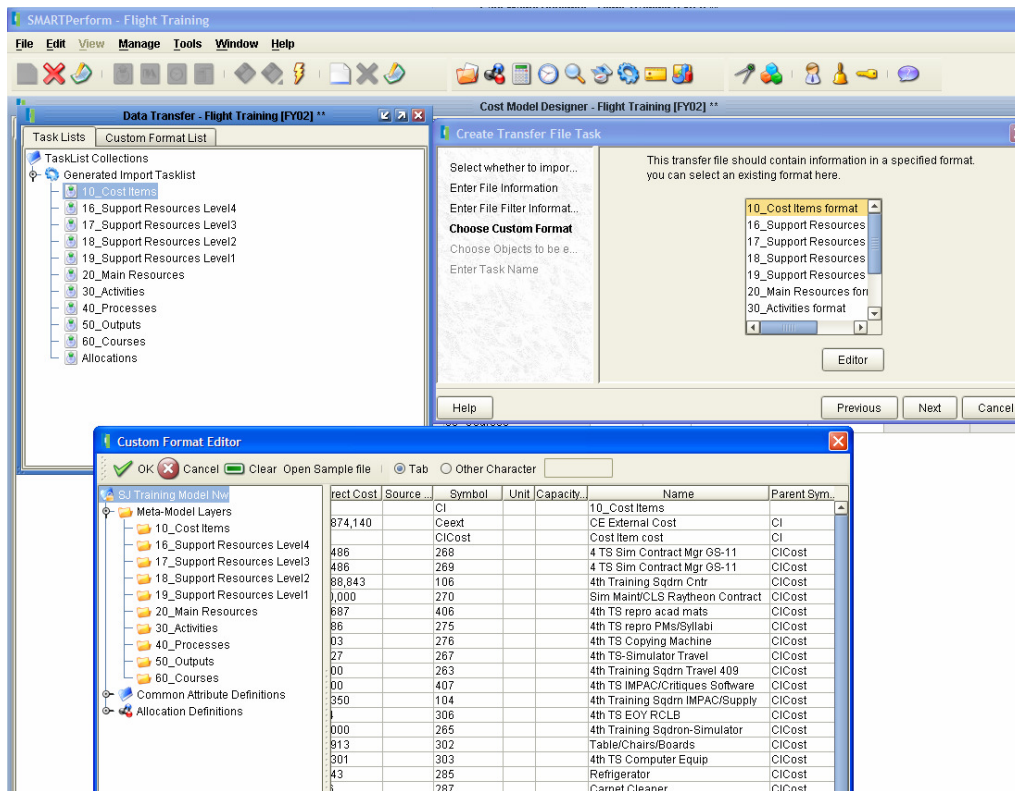
Figure 12. Input Matrix

Source Objects	Capacity	Unit	Cost driver	Total Usag...
16_Support Resources Level4 [RE4]				803.02
17_Support Resources Level3 [RE3]				3.00
18_Support Resources Level2 [RE2]				8.80
19_Support Resources Level1 [RE1]				24.00
20_Main Resources [RE]				1,192,276.00
30_Activities [Act]				297,400.00
Air Crew Training [A]				297,400.00
334th Fighter Squadron Activitie [A-2]				293,800.00
334th Bus Sustaining [A-2-2]				3,300.00
334th Management/Admin [A-2-2-1]				700.00
334th Bus Sust Mil Activites [A-2-2-1-7]				100.00
334th Coord w/ other activities [A-2-2-1-8]				

Easy to Use Import and Export Wizards

CostPerform incorporates a Wizard to perform both the import and export of data from the model. The Wizard helps modelers build SQL queries to import data directly from databases or spreadsheets. These queries can be saved for subsequent availability to the modeler to build other imports or exports.

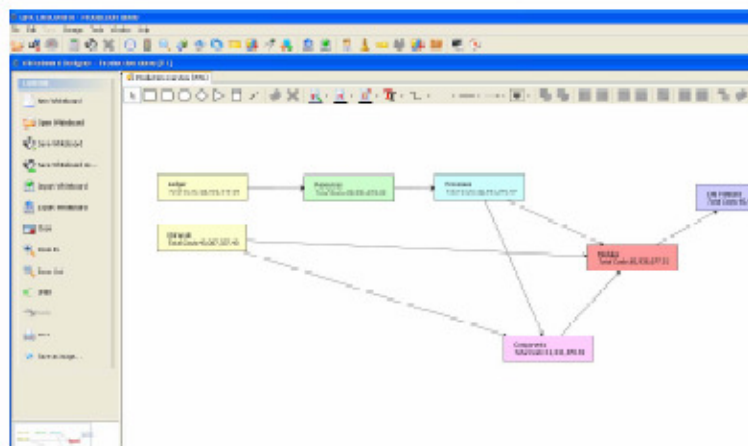
Figure 13. Import/Export Wizard in CostPerform



Interactive and Multidimensional Analysis

CostPerform makes the graphical analysis of data, relationships, process composition, and resource usage easy with a visual tool that shows linkages between assigned objects across multiple layers.

Figure 14. Graphical Tool in CostPerform



Model Validation

CostPerform has menu-driven, intelligent routines that find errors and gaps in calculations. This increases the accuracy, integrity, reliability, and comparability of data.

Comparison of CostPerform and Typical ABC/M Applications

The following chart provides an overview of how CostPerform compares to typical ABC/M software:

Feature	Typical ABC/M Software	CostPerform
Determine the cost of specific process-related activities, the 'drivers' of those costs and the consumption of cost drivers in producing outputs of goods or services.	Most ABC/M software provides some consumption-based capability (only at the transaction level) or with additional planning modules	CostPerform is designed to incorporate consumption rates and fixed costs using the same user interface and data entry. By design, CostPerform models will calculate the budget requirements for each alternative output and multiple scenarios.
Identify key processes and principal activities associated with each and assign costs by activity to appropriate categories. Costs of each activity should be linked to a program's outputs and outcomes to achieve costs per unit of output or outcome.	Most ABC/M software meet base functionality, but user screens are difficult to navigate and visibility of cost areas or organisational areas are difficult to understand.	CostPerform meets this base functionality and has advanced features that allow organisations to easily model their processes and segregate shared services and overhead sub-processes. Shared services are then traced to direct processes by cause and effect relationships.
Web-based and interactive reporting and automated reports.	Most ABC/M software have only static reports. Those with limited web capability need additional application such as Cognos or a corporate version of the software.	CostPerform's easy but powerful interactive web-based data collection and reporting features are standard in the base package. CostPerform publishes interactive 'live' reports on the web, not static 'snapshots' that limit usefulness.
Import/ Export features and user friendliness	Average or standard export/import features	CostPerform's import/export wizard is excellent requiring no complex tools for most operations, but allowing SQL to be used for complex imports, as needed.
Business and Process modelling easily built into the model structure	Most ABC/M software is transaction- based or accounting-based applications that that map transactions to activities and cost objects through the accounting code. The few that do allow for modelling rely on only a 3 tier level which limits the ability to capture full processes and thus limits modelling.	CostPerform is a significant advance on ABC/M software at the structure level by allowing for a flexible business 'meta-model' feature that supports fast and easy model building.

CostPerform has better functionality than any of the software available. Additionally, it is one of the most competitive in terms of price.