PCM Implementation for BW

Applies to:
SAP BW 3.5, SAP BI 7.0 etc. For more information, visit the EDW homepage.

Summary
Cost and Profitability analysis is one of the most important KPIs for the CFO’s office and most CFO’s feel that they need to have a better understanding of their Cost and Profitability numbers. Customers with a SAP centric landscape are recommended to consider this product to improve their profitability and Cost Management.

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Author Bio
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Abstract

Profitability and Cost Management (PCM) is at the core of enterprise performance management, as it represents the bottom line for every company. However, there are multiple reasons why PCM is of particular relevance, especially today. In most organizations, the indirect costs as part of overall costs are growing. And customer self-service business models rule, so that organizations even bear the risk of losing grip on their direct cost in their business processes. Economic pressures complete the picture. In short, to preserve margins and ensure profitability, organizations need to keep their eye on the ball and monitor their business processes continuously.

Most organizations go through a maturity lifecycle for PCM. This profitability maturity lifecycle is largely implicit - organizations go through an evolution without realizing they are moving from one stage to another. The stages, however, are distinct. The end-state is part of achieving what Oracle calls ‘management excellence’.

PCM drives business performance by discovering drivers of cost and profitability, empowering users with visibility and flexibility, and improving resource alignment.

We discuss below how a cost and profitability management tool like SAP Business objects profitability and Cost Management (PCM) can help organizations to provide the views on the maturity of the product, its strengths and limitations as well as the path ahead.

SAP Business Objects PCM Tool:

SAP PCM brings with its rich history of innovation. It was a flagship product of Armstrong Laing Group (ALG), a company founded in 1991 where it evolved into robust tool for all activity based costing and driver based planning requirements over the next 15 years. In 2006, Business Objects acquired the ALG and positioned its own Enterprise Performance Management (EPM) stack. With SAP’s acquisition of Business Objects, ALG came into SAP’s Business Objects EPM portfolio. SAP renamed this as SAP Business Objects Profitability and Cost Management and invested its integration with SAP BW/BI, ECC, other SAP EPM products and non-SAP systems.

PCM is a unique part of the SAP Business Objects solution portfolio that can be run through the Enterprise environment or as a standalone application. It allows you to model the infrastructure and finances of your business to reveal the costs of the operational activities you perform and the costs of what you produce. Consolidation and drill down features break these costs down through departmental levels providing accountability and control.

The resources you use and the measures of your sales activity act as cost drivers in a unique Calculation Engine that redistributes your basic costs across the activities you perform and what you produce. These calculations can be run at a level of frequency that provides a dynamic response to changing costs as markets fluctuate.

SAP Business Objects PCM contains a powerful modeling framework that uses the latest technology to make your operational management and forward planning both responsive and simple to control. It is comprised of multiple products for strategy, planning/budgeting, consolidation and profitability/cost management.

PCM has multidimensional calculation and reporting engine. Customers use this solution to provide product/customer/channel profitability, cost to serve, and shared services (e.g. IT) costing/charge-back information.

PCM supports three different types of modeling application that share a similar modeling environment.

• Profitability and Costing - supports various forms of financial analysis modeling

• Objectives and Metrics - provides a new approach to Performance Management.

• Transactional Costing - supports large volumes of data at the database transactional level.
Extracting PCM Data to SAP-BW/BI in Sysco Foods:

In Sysco Foods project we have design the flow in BW to extract data from PCM system trough DB connect interface option. BW allows data to be loaded from PCM application through DB connect using application specific third-party drivers. A Data source is generated based on the table structure in PCM database (In Sysco Project RDBMS is the backend data base for PCM application) , enabling the table content to be loaded quickly and consistently into BW.

Below the data flow diagram that explains how we extract and report PCM data.

Data Flow Architecture

Financial and controlling data from ECC (R/3) system firstly load into operation staging area called DSO (Data store object) in BW. From this DSO through Open Hub concept will pick by FIM (Financial Information Management) system. FIM is the one of Business Object EPM tool which will take the data, apply the financial business rules to the data, cleanse the data and send it to other systems.

In our scenario FIM interface will apply the business rules to the data coming from BW system and send it to the PCM system using BODI interface. After that Data from PCM database again load into Master data Info objects in BW. Now data from ECC(R/3) system again will be extracted into operational staging area called DSO (Data store object) in BW through DB Connect Interface. From DSO it will be loaded into summarized and multi-dimensional data target i.e., Info Cube. While loading from DSO to Cube, we will do a look-up from MD objects at transformation rules to modify and enrich the incoming data. On top of the Info Cube Bex Query will be designed, which is the Query designer tool to report BW data.

Once Bex query designed we use this query as base level target to design BO reports using BO tools like Crystal report, Webi Report and Xcelsius Dash board designer. In Sysco project we extensively designed all reports using BO tools on top of Bex queries by considering flexibility and performance.
Related Content
For more information, visit the [EDW homepage](http://www.edw.com)
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