



SAP Solution in Detail

SAP Product Lifecycle Management | SAP Product Lifecycle Costing

# Calculate New-Product and Quote Costs with Greater Speed, Accuracy, and Insight



Run Simple

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# Quick Facts

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## Summary

The SAP® Product Lifecycle Costing solution supports the calculation of costs for new products or quotations early in the product lifecycle. Powered by SAP HANA®, the solution can work with massive volumes of data in real time, so you can quickly identify cost drivers and easily simulate and compare alternatives.

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## Objectives

- Support manufacturers facing rising costs and competition in creating detailed cost estimates to identify savings before design starts
- Provide cost estimates for quotes with many engineered parts
- Support “should costing” processes
- Forecast lifetime costs to assess new-product profitability
- Increase data availability and accuracy, reduce total cost of ownership (TCO), and enable one costing process
- Support production cost optimization through simulation and evaluation of production or supply costs
- Reduce product costs and minimize unprofitable product variants by using a clear design-to-cost approach
- Increase reuse of parts to reduce TCO

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## Solution

- Purpose-built solution for early engineering, quotation, and lifecycle costing
- High-performance cost calculation powered by SAP HANA
- Integration with the SAP ERP application and SAP S/4HANA®, plus access to other data sources
- Local master data administration, custom price sources, and flexible price-determination logic
- Versioning, simulation, and baselining of cost estimates
- Flexible user interface design and the ability to leverage formulas to adjust the tool’s algorithm to your needs

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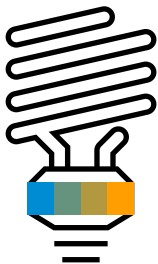
## Benefits

- Lower development costs and increased profitability
- Shorter quotation cycle, faster time to market, and higher quote-win rate
- Improved estimate accuracy
- Control over cost overruns
- Reduced TCO through elimination of non-essential costing systems and data sources

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## Learn more

To learn more, visit us [online](#).



Gain transparency across the product lifecycle and reduce costs for future products when only estimates of costs are available.

# Determine and Evaluate Costs Early in the Product Lifecycle

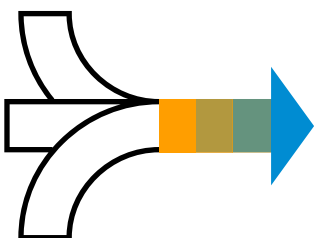
Companies today are focused on providing innovative, customer-driven products at competitive prices. Being able to quickly assess costs is an essential differentiator. With the SAP® Product Lifecycle Costing solution, which is powered by SAP HANA®, you can **calculate costs quickly and precisely** and simulate and compare alternatives for better visibility and control. You can also calculate production volumes and outline them along with your purchase material costs for future years.

To gain control of the levers of profitability, manufacturers need software that helps integrate market requirements and cost information at an early stage of the product lifecycle. By identifying cost potentials and having transparency throughout the lifecycle, you can better maintain product quality, drive profit margins, and mitigate risks.

What you need in terms of visibility, insight, and precision is beyond the functional capabilities of the software widely in use today. You're forced to piece together data extracted from enterprise software and other software solutions, home-grown or stand-alone systems, or Microsoft Excel spreadsheets. Performing calculations using disparate data has inherent problems. There's

no calculation history, and the data flow cannot be easily tracked and traced. It requires a great deal of manual, time-consuming effort, and the data has a high potential for inconsistency and deviations.

SAP Product Lifecycle Costing helps you overcome these issues. The software integrates with your existing solution landscape and runs on the SAP HANA platform. That means you can calculate cost variables in real time using data from your enterprise software. You can quickly build out your calculation to prepare preliminary cost estimates. And then you can analyze and compare options to make the most favorable product costing decisions for the entire lifecycle of your products.



Optimize the speed, consistency, and accuracy of request-for-quotation responses, and your company can win more business and reduce estimating costs.

### **GAIN A COST-CENTERED VIEW OF PRODUCTS**

To improve profit margins, manufacturers are focusing on ways to reduce direct material costs, shorten quote cycles, lower new-product costs, and maximize the reuse of parts. This is especially true for companies in the automotive, machinery and components, high tech, aerospace and defense, and consumer products industries.

Product design and development is not a static endeavor. The variables for a product innovation or a customer-specific, engineered product can and will evolve. Very often, you need to estimate costs and project them over time while lacking

master data such as material prices, activity rates, and future currency exchange rates. To secure future profit margins, having transparency throughout product development is a necessity. A near-real-life sandbox with versioning and what-if analysis is a must.

SAP Product Lifecycle Costing supports the ongoing evolution of the costing calculations associated with product design and development. The solution provides a cost-centered view of a single product or a set of products. You can estimate and forecast costs and then simulate them over the lifetime of the product (see [Figure 1](#)).



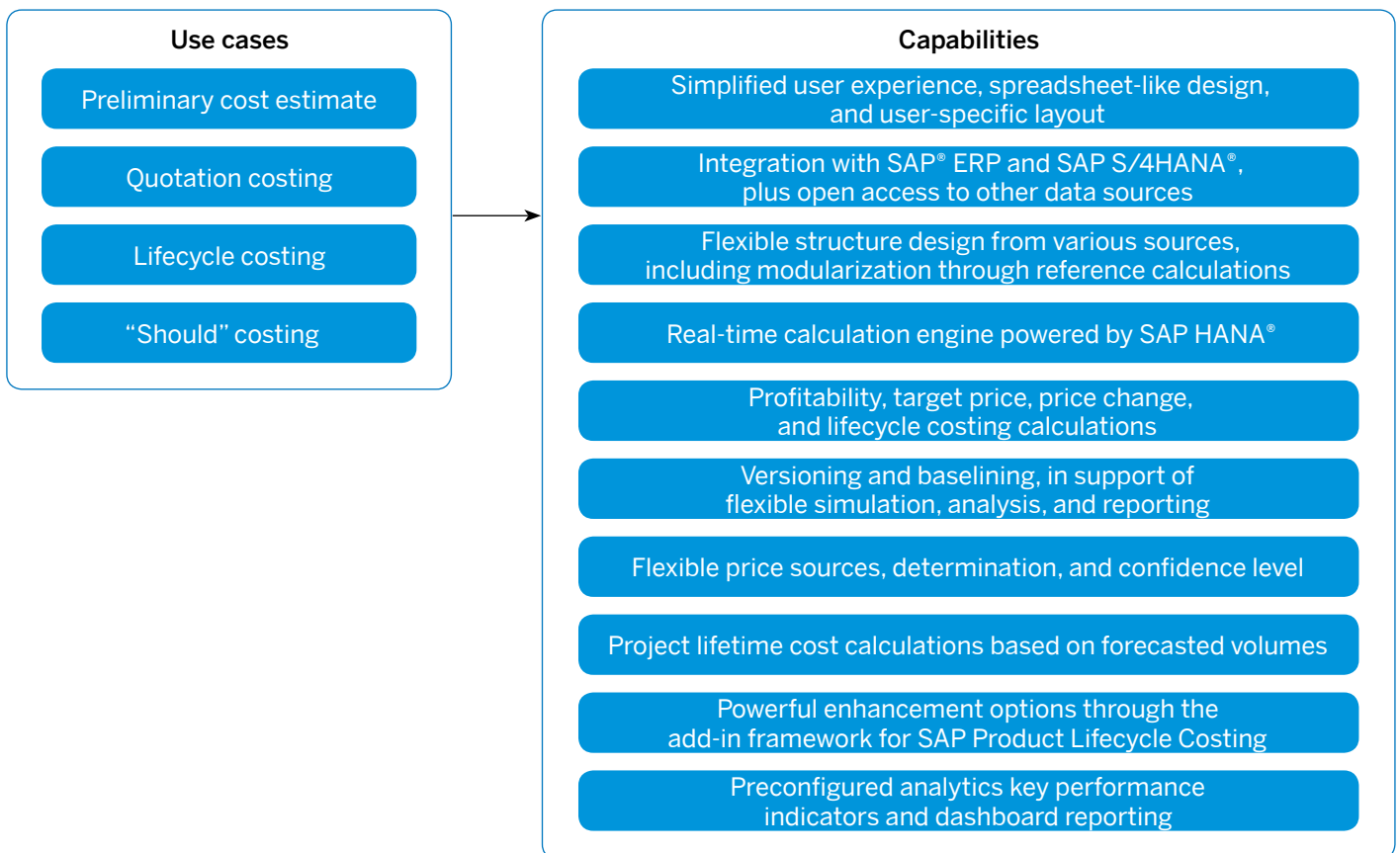
Innovate and thrive in an environment where competition is increasing and time to market needs to get shorter – using SAP Product Lifecycle Costing.

**SET UP, CONFIGURE, AND OPERATE WITH EASE**

SAP Product Lifecycle Costing is designed for fast setup and configuration and easier operation while offering a robust set of features and functionalities (see the [table](#)). You can use the master data man-

agement functionality to begin working with data from the SAP ERP application or SAP S/4HANA® immediately. Alternately, you can start from scratch or import master data and calculation structures from Excel or any other data source.

**Figure 1: High-Level Overview**





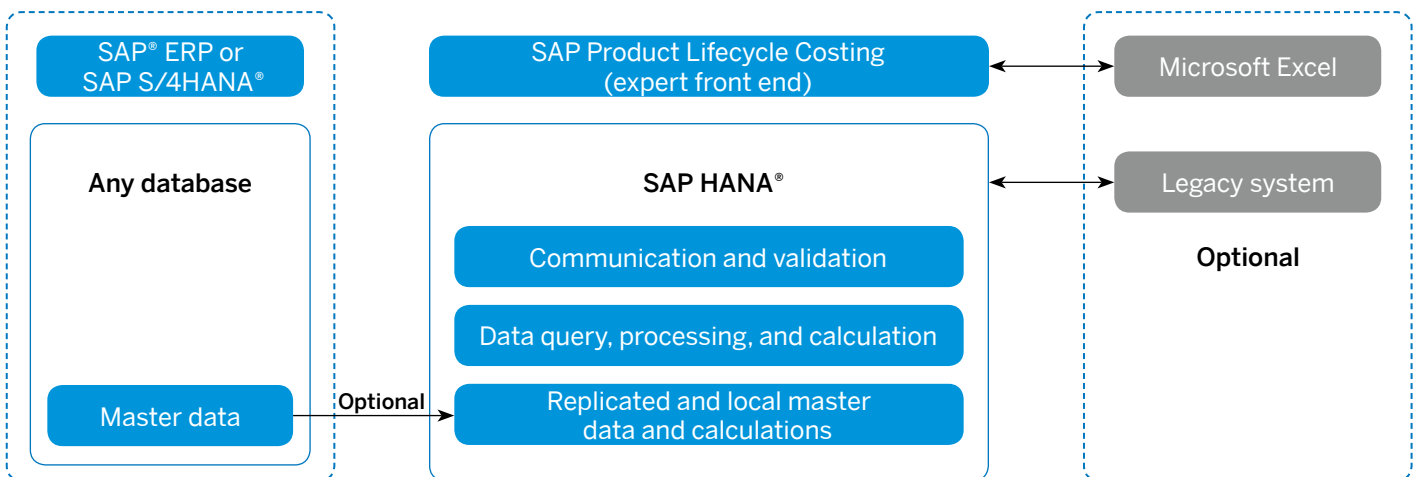
Integration with SAP ERP or SAP S/4HANA allows you to replicate master data such as materials and related prices, as well as manufacturing activity types and related rates plus other relevant costing data. Bills of materials (BOMs) and routings can also be imported from any data source to initially create or update your costing structure.

SAP Product Lifecycle Costing can be used in tandem with SAP ERP, SAP S/4HANA, and other tools, or it can be operated on the same SAP HANA database as your enterprise back-end solution (see Figure 2).

The master data management functionality within SAP Product Lifecycle Costing allows you to maintain and use data that is not available in your enterprise back-end system from SAP. This feature is especially relevant during early phases of new-product development, when data such as material prices, cost centers, and related activity rates would not yet be maintained in your back-end systems from SAP. You can also use this functionality to fill in missing details when data is incomplete.

When you integrate with Excel, you can import structures and master data, such as BOMs, routings, quantities, prices, and rates, and export master data, calculations, and data used for reporting.

**Figure 2: Solution Architecture**

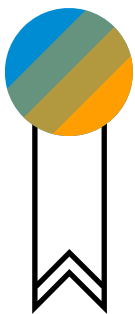


## Key Features of SAP® Product Lifecycle Costing

Feature	Function
Calculation and simulation	<ul style="list-style-type: none"> <li>• Real-time calculation engine</li> <li>• Flexible handling of calculations with manual override and recalculation capabilities</li> <li>• Copy and paste functionality</li> <li>• Flexible layouts</li> <li>• Intuitive structuring and calculation handling</li> <li>• Target costing</li> <li>• Versioning and what-if simulation</li> <li>• Multiple costing sheets and cost roll-ups</li> <li>• Reference calculations</li> <li>• Lifetime calculations</li> <li>• Project analysis</li> </ul>
Master data management (MDM)	<ul style="list-style-type: none"> <li>• Local MDM and integration with enterprise software and Microsoft Excel</li> <li>• Material masters, work centers, cost centers, and processes</li> <li>• Organizational data</li> <li>• Time-dependent prices and rates</li> <li>• Currencies</li> <li>• Languages</li> <li>• Units of measure</li> </ul>
Data model and extensibility	<ul style="list-style-type: none"> <li>• Custom attributes, fields for master data, and an extensive set of formulas</li> <li>• Add-in extensibility framework integration with other SAP® solutions such as SAP Integrated Business Planning and the SAP 3D Visual Enterprise applications</li> </ul>
Inbound integration	<ul style="list-style-type: none"> <li>• Import from the SAP ERP application, bill of documents, bill of materials, routings, and so on</li> <li>• Import from Excel and other applications using the API</li> </ul>
Outbound integration	Export to Excel and to other applications using the API
Pricing	<ul style="list-style-type: none"> <li>• Price selection strategy for components and activities</li> <li>• Support for different currencies and dimensions</li> <li>• Overhead cost and intercompany calculations</li> </ul>



Feature	Function
Analytics and reporting	<ul style="list-style-type: none"><li>• Management reporting</li><li>• Integration with the SAP Analytics Cloud solution</li><li>• Analysis and reporting along the product lifecycle, costing categories, or other dimensions</li><li>• Lifecycle reports</li><li>• Bill of materials comparison</li></ul>
Security and collaboration	<ul style="list-style-type: none"><li>• Access restrictions</li><li>• Traceability</li><li>• Users and roles</li></ul>
User experience	<ul style="list-style-type: none"><li>• Autocompletion</li><li>• Spreadsheet features</li></ul>



Join the best-in-class companies that are implementing cost management strategies earlier in the product design process to better meet target costs.

# Explore Product Costing Use Cases

## CALCULATIONS POWERED BY SAP HANA

With a real-time calculation engine running on SAP HANA, SAP Product Lifecycle Costing enables the following use cases (as seen in Figure 3):

- Preliminary cost estimates for new products (such as automotive OEMs and suppliers)
- Quotation costing (industrial machinery and components and high tech)
- Lifecycle costing (all industries)

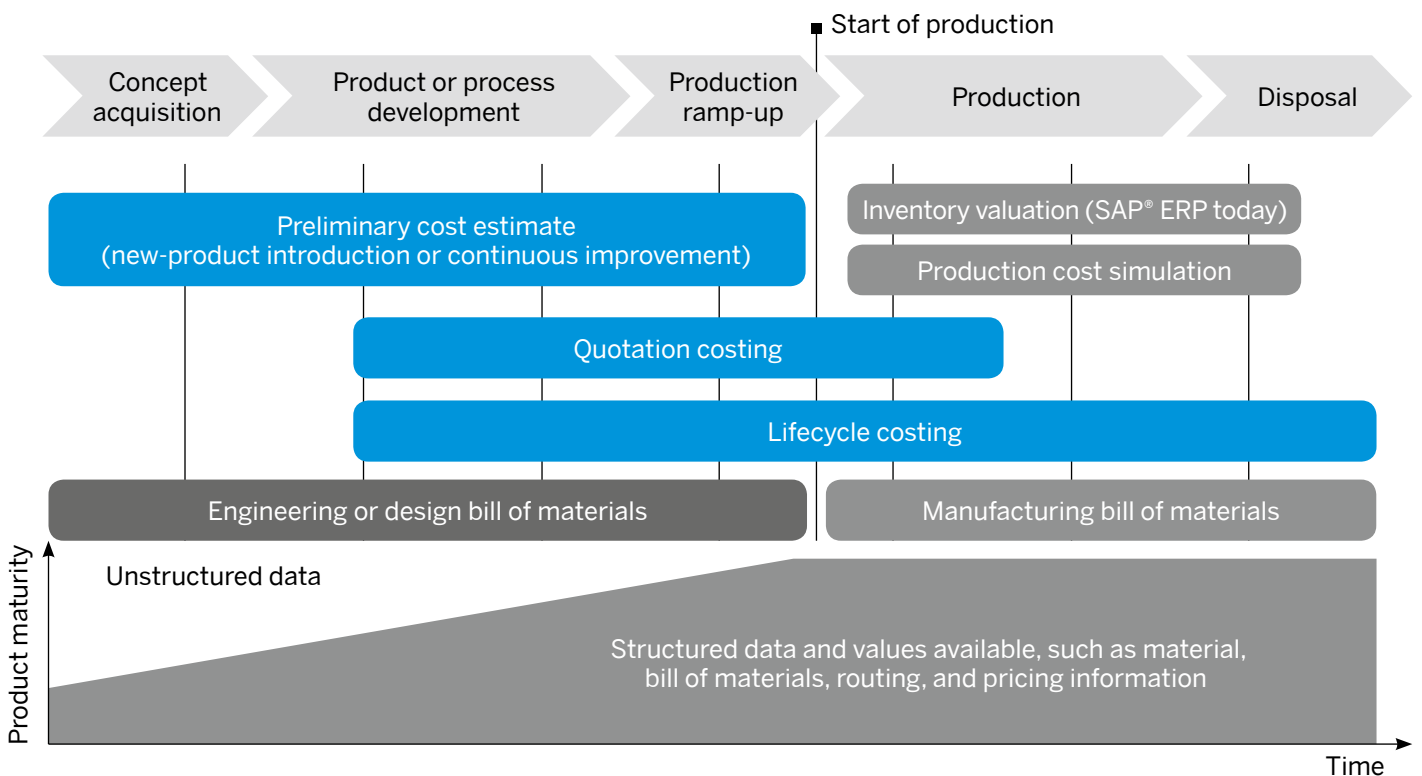
From concept acquisition through production and disposal, in-memory computing power allows you to work with massive quantities of data in an instant for insight into cost parameters. This functionality is readily accessible through an intuitive interface that helps speed adoption and simplifies the user experience.

## PRELIMINARY COST ESTIMATES

Detailed product and cost information is not typically available early in the design phase of new products. Costs of individual components and details related to product assembly start to become available further along in the process, during the detailed design phase.

SAP Product Lifecycle Costing enables you to design products for a given targeted cost. The calculation engine helps you develop a cost structure based on engineering knowledge. With it, you can prepare preliminary cost estimates for the entire product, despite the lack of detailed information at the early stages of product development for cost elements such as the cost of production or tools.

**Figure 3: Costing Throughout the Entire Product Lifecycle**



For example, many automotive suppliers must provide preliminary cost estimates to OEMs years before the start of production. Automobiles are built with thousands of variants, parts, and raw materials, and it's not possible to have accurate pricing for every component that far in advance. SAP Product Lifecycle Costing helps you make informed cost decisions by enabling you to create an independent data set for future costs. This can be done without any prerequisites.

An accurate cost structure is critical to maintaining favorable profit margins. A minor calculation error in an estimate of that scale could have major implications on profitability for the entire lifetime of a car model or a component of it.

Once the base calculation of the product is complete, manufacturers need to forecast production and purchasing volumes from a cost and quantity perspective for years to come.

### QUOTATION COSTING

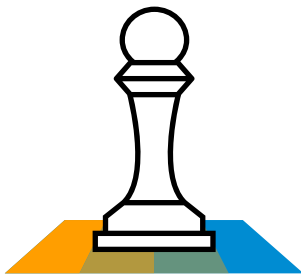
Quotation costing is driven by customer demand – when a customer or prospect requests a quote for one or more products or solutions with a high percentage of engineered parts. This costing process

begins during the product and process development phase of manufacturing and continues into the production phase (see [Figure 3](#)). It often begins with the reuse of BOMs and other costing data from previously designed and calculated products.

SAP Product Lifecycle Costing supports the main activities of quotation costing, including:

- Comprehensive costing and reporting activities
- Collaboration with sales, purchasing, manufacturing, and controlling
- Long-lead-time procurement

The process of calculating costs and preparing quotations is iterative. Customer revisions and product or project scope changes require costs to be recalculated. SAP Product Lifecycle Costing enables you to prepare alternative cost calculations that take into account different price-selection strategies. It shows you the recalculated cost rates and prices and outlines the differences in the cost structure by comparing the original quotation with the revision. In contrast to the preliminary cost estimate, you would typically perform quotation costing three to five weeks before the supplier selection, which means that each iteration of costing and quote preparation must be done quickly.



Identify cost potentials and gain visibility throughout the lifecycle – and better maintain product quality, drive profit margins, and mitigate risks.

## LIFECYCLE COSTING

Lifecycle costing touches nearly every phase of the product lifecycle – from the start of design to disposal. Successful companies strive to evaluate and optimize costs during each phase to reach maximum margin and profitability. SAP Product Lifecycle Costing helps you accomplish this by collecting the different versions of cost calculations from the initial idea through the start of production and throughout the manufacturing process until product disposal.

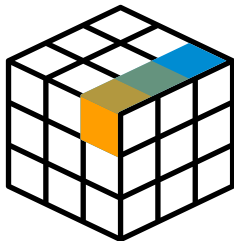
The software helps you calculate and evaluate one-off costs and special costs associated with warranties, service and support, and disposal. It also helps you analyze direct material and manufacturing costs, define cost-reduction targets, and support procurement and manufacturing operations.

SAP Product Lifecycle Costing supports your ongoing product and manufacturing cost-reduction initiatives by allowing you to simulate and evaluate different options to drive down costs during the

production phase. It allows companies to define time periods and project the trend of product costs during these periods. This ability is especially important to manufacturers and parts suppliers in the automotive industry. They need to calculate the costs of model types several years prior to the start of production, which can continue for a number of years.

To help you manage the complexity of calculating a huge number of variants and determine the development of costs for several years, SAP Product Lifecycle Costing enables you to group product variants into projects. You can gather indirect costs, such as tools and cost of development, on a project level and distribute them by products and time periods.

For automotive companies and suppliers, projects can represent car models or platforms. Using projects, automotive companies can also determine and simulate sales quantities of product variants and their impact on cost structure and revenue.



Perform what-if analyses to drive product-cost optimization along multiple dimensions.

# Streamline Costing Across the Enterprise

## PRODUCT COSTING ROLES

Product costing requires collaboration across the enterprise. SAP Product Lifecycle Costing supports the key stakeholders outlined in the table below.

Role	Capabilities Enabled	Benefit
Controller, corporate or plant	Transparency into product costs	Better insight into lifecycle costs
Controller, project, product, or module	Creation of cost structures, completeness of cost information, and management of versions and baselines	<ul style="list-style-type: none"> <li>• Minimized overall and item costs</li> <li>• Faster time to cost</li> <li>• Shorter product development cycle time</li> <li>• Higher profit margin</li> </ul>
Engineer, industrial	Deployment of internal resources and production capabilities through better assessment and matching of capacity to need	<ul style="list-style-type: none"> <li>• Reduced manufacturing cycle times and costs</li> <li>• Lower product rejection rate</li> <li>• Faster assembly time</li> <li>• Fewer engineering change orders during production</li> </ul>
Engineer, product	New product development according to specifications and price expectations	<ul style="list-style-type: none"> <li>• Lower product development cycle time</li> <li>• Reduced costs from engineering changes</li> <li>• Fewer new parts and product variants</li> </ul>
Engineer, sales	Reliable price quotations and alignment with product specifications	<ul style="list-style-type: none"> <li>• Faster quote cycle time</li> <li>• Higher win rate for new business</li> <li>• Improved customer satisfaction</li> </ul>
Master-data steward	Modeling and design of data structures and data integration plus management of data quality initiatives	Fewer new parts and product variants
Purchaser	Maintenance of data on availability and cost of external resources	<ul style="list-style-type: none"> <li>• Faster access to information on external sourcing options</li> <li>• Better insight to minimize costs</li> </ul>
Supply chain specialist, sourcing	Identification of optimal sourcing scenarios and analysis of supply chain data	<ul style="list-style-type: none"> <li>• More on-time deliveries</li> <li>• Reduced costs at the item and company level</li> <li>• Better insight to maximize profitability</li> </ul>

# Take a Closer Look at the Solution

SAP Product Lifecycle Costing simplifies the calculation process and the analysis of product costs in different phases of the lifecycle, as summarized in Figure 3. The following section provides an overview of various features and functions and how the software can support your costing processes along the product lifecycle.

## USER EXPERIENCE

In addition to enabling user- and role-specific access to product costing activities, SAP Product Lifecycle Costing offers user-defined views of the user interface. Engineering, purchasing, manufacturing, sales, and finance roles can choose views for their areas of responsibility and costing aspects. You can also choose to hide or display fields and rearrange screens, as seen in Figure 4.

Intuitive user interface tools increase user productivity. You have the option to populate a product costing structure in combination with spreadsheet-like maintenance of data. Working with the solution is quick, with fast refreshes of data and related screens after manual updates. In addition, the user interface offers automatic navigation to fields requiring data and superfast data searching.

The software provides a cockpit view that helps you organize your work and offers intuitive navigation through different versions of cost calculations (as shown in Figure 5). The cockpit view also helps you bundle calculations of multiple products or product variants belonging to one product line, such as versions of vehicles or supplier parts belonging to the same vehicle platform.

Figure 4: My Home Screen

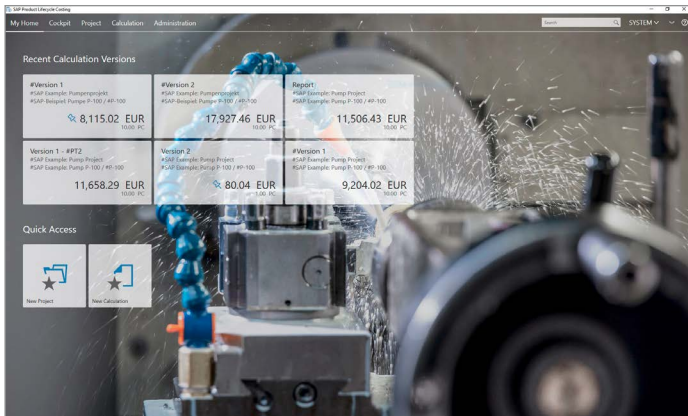
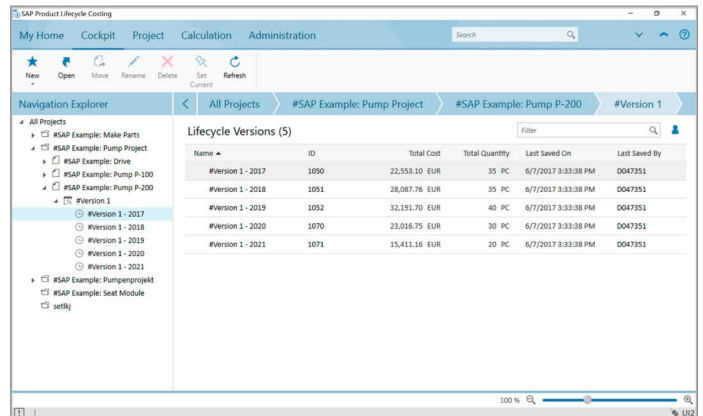


Figure 5: Cockpit View



The calculation view in Figure 6 contains:

- A structure view displaying the costing structure or any other view of the product structure, such as weight or CO<sup>2</sup> roll-up
- A spreadsheet-like table view, along with the structure, that enables you to add, change, or create cost estimates along the costing structure and that can be fully customized with any data field you want to drag and drop to create a column
- A side panel that allows you to maintain calculation version details and item data and allows you to display important key performance indicators (KPIs), as well as a costing sheet and component split
- A side panel view that can be enhanced by any other customer-defined data field and formulas that can be used to easily calculate entries for those fields

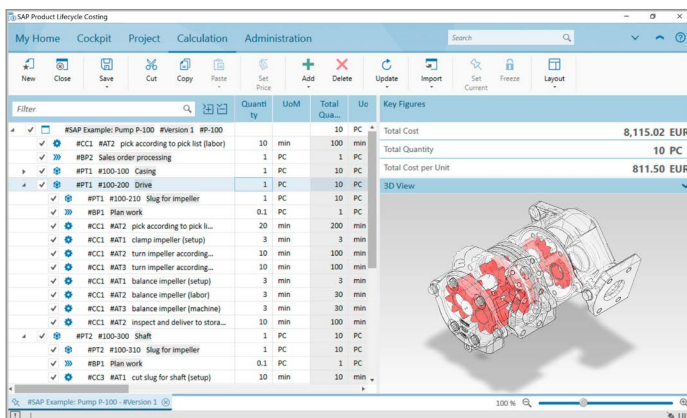
## CALCULATION STRUCTURE CREATION

SAP Product Lifecycle Costing features a user-friendly interface that facilitates the creation of calculation structures with autocompletion, if master data is available, and context-sensitive editing. You can begin the process of performing a calculation by importing master data or calculation structures from other software or by entering new data.

## REFERENCE CALCULATION

When creating the initial product structure, you might want to separate the structure by different calculation versions so that various departments can edit different parts. For instance, you may have a complex product structure or large BOM. The functionality to use a referenced calculation enables you to create a reference version of a component or part that can be used later on in the main product structure as a reference. Cost components and costing sheet data are calculated along the main structure, taking each item from the referenced version into account.

Figure 6: Calculation View

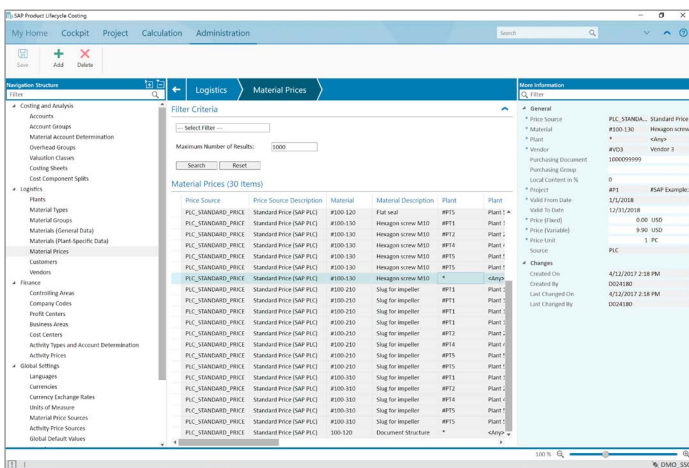




## MASTER DATA MANAGEMENT

The software works with master data from your SAP software landscape, such as SAP ERP or the SAP Product Lifecycle Management application, as well as third-party software such as Excel or any other data source. Integration enables the use of existing cost-relevant information from technical data and logistics structures within SAP applications, as seen in Figure 7.

Figure 7: Administration View



When working with data from SAP ERP or SAP S/4HANA, you can import structure data such as document BOMs and all types of material BOMs. You can also import related process information, such as routings, into SAP Product Lifecycle Costing. The solution also supports the import of calculation structures from Excel, which can speed up the creation of a new calculation version or the update of an existing one for ease of use. Additionally, you can import from all other data sources (such as technical data management systems) where product structures are stored.

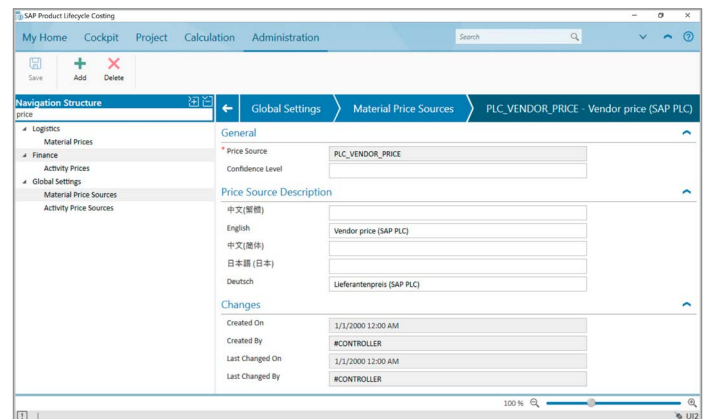
## PRICE DETERMINATION

SAP Product Lifecycle Costing offers several options to help you price components and activities (as seen in Figure 8). These options include:

- Selection of a different source of prices, such as data from SAP ERP versus local price information
- Manual price determination
- Price determination based on local price information
- Price determination based on global price information available from SAP ERP or SAP S/4HANA
- Ability to define a price-priority strategy along with confidence levels

Once the first iteration of pricing is complete, SAP Product Lifecycle Costing highlights previous or outdated prices and recalculates whenever new price information is available, either upon request or automatically.

Figure 8: Price Determination



## PRICING MASTER DATA

To leverage existing price information, you can maintain prices, activity rates, currencies, and units of measure in the administration view (master data view, see Figure 7) by project, vendor, and validity date. You can replicate price or rate information from SAP ERP or SAP S/4HANA, or you can store prices and rates locally. You can also extend master data by customer field or fill master data using custom formulas. Finally, you can either maintain the price or change it directly in the calculation view interface.

## THE CALCULATION ENGINE

The costing run begins in the calculation engine by identifying the correct rates and prices and by interpreting costing sheet information. With this data, the engine calculates product overhead and determines the price of the new product by multiplying the rates or prices with the quantities along the structure. It determines the price for each level of the product as well as for the product itself.

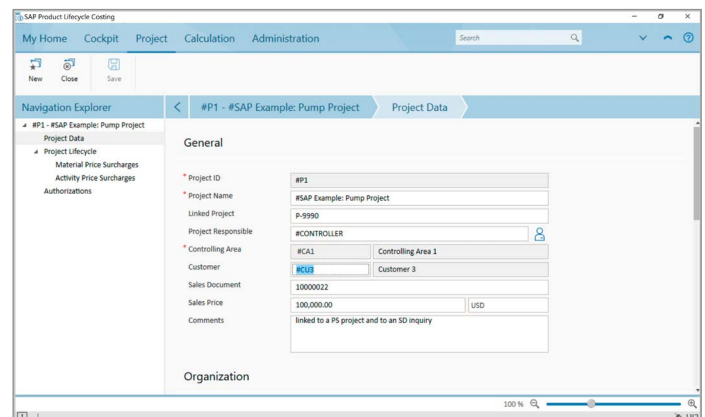
The calculation run is completed in real time while your team continues to work with the data, such as adding information or enhancing structures. As a result, product costs are always up-to-date. During the costing run, the calculation engine keeps various dimensions, such as cost categories, organized for different plants. Once the costing run

is complete, you can display costing information at a detailed, cost-element level per item and per calculation. The software displays the results using the structure navigation to provide an up-to-date cost view at each level. Once the base calculation is complete, it is used to calculate production volumes along the product lifecycles, such as for automotive industry customers.

## PROJECT DATA

You can group different products into one project, for instance, to offer a quotation to a particular customer. The header data of the project allows you to maintain important dates such as start of project and end of project, start of production and end of production, along with the stakeholder responsible for the project, as shown in Figure 9.

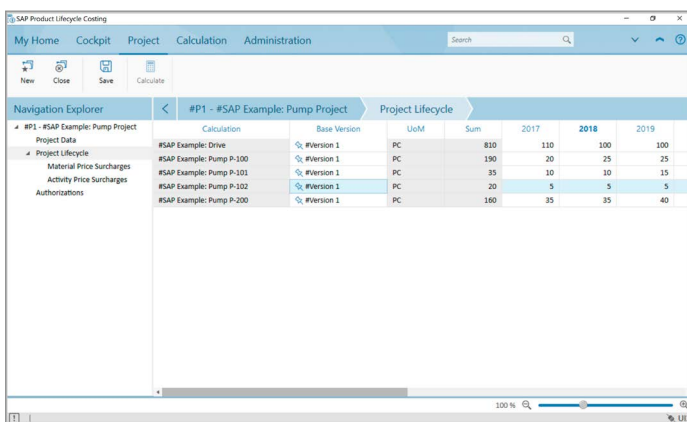
Figure 9: Project Header Data



## CALCULATING LIFECYCLE VOLUMES

Once you have finished your base calculation, you can maintain the production volumes for each calculation belonging to a project to create the lifecycle version and to forecast production volume calculations for each year. This allows you to create a report for not only the base version but also for the subsequent years planned for production. You can combine those with the calculation version to cover your one-time costs, tool costs, or development costs. That way, in the end, you will be able to report on the profitability of each project and product, down to the individual items (see Figure 10).

Figure 10: Calculating Lifecycle Volumes



## SIMULATION AND VERSIONING

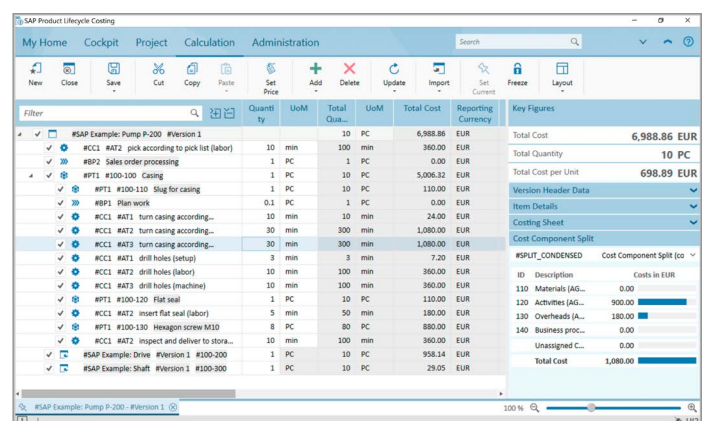
You can create a simulation through the calculation of product or service cost estimates by changing different parameters. For example, you can change and enhance the product or service structure, prices, routings, cost centers, and rates. You can store a simulation as a version and create a new simulation version anytime.

The software allows you to simulate different structures by using different materials or locations, such as alternative plants, or simulating different price or quantity information. With this insight, you can readily understand differences in quantities, costs, or prices. You can also compare product structure BOMs and outline the variance between those structures from a cost perspective, or from any other deviation source.

## ANALYTICS AND REPORTING

SAP Product Lifecycle Costing lets you perform flexible what-if analyses to drive product-cost optimization along multiple dimensions, as shown in Figure 11. For example, you can determine the benefits of replacing a component, switching a manufacturing plant, or using a different machine or production line.

Figure 11: In-Tool Analysis and Reporting



The software supports various types of analyses and reports and is integrated in the most common reporting tools provided with SAP solutions. It offers:

- **Real-time, in-tool analysis per calculation along cost components and costing sheets for management reporting** – All analytics data is processed in real time, and each change is reflected in your reports. For example, the cost-component split analysis consists of a side-panel view with a table or bar chart that displays the cost splits for various components (see [Figure 12](#)). These splits can be displayed for any dimension, including cost elements and custom fields.
  - **Project-based analysis for preparing reports at the project level and also for evaluating a group of calculations, for example, along the project lifetime or by navigating through the project structure** – This feature is of high importance in the automotive industry, as multiple variants of vehicle models and parts can be calculated separately and also bundled together.
  - **Line-item reporting, which shows you all of the line items of the maintained calculations** – These line items can be used with SAP BusinessObjects™ Analysis software for Microsoft Office, which allows you to reflect every change in the calculation itself online and also enables use of the functionality within Microsoft Office. You can evaluate and analyze all line items along different or multiple dimensions using a pivot table in Excel.
- **Self-service analytics for business intelligence** – This offers real-time access to the SAP HANA platform plus semantic views of SAP HANA Live offerings for company reporting and mass calculation analysis.
  - **A set of predefined reports** – The top ten reports needed for preparing early cost estimates are included:
    - Calculation-specific reports
    - Project reports
    - “Where used” reports
    - Lifetime reports
    - Line-item reports
    - Purchasing material reports
    - Production volume reports
    - Production capacity-needed reports
    - ABC analysis
    - KPI reports
  - **Ready access to data exploration tools based on semantic views with business logic** – SAP Product Lifecycle Costing has real-time access to the SAP HANA platform, enabling data to be consumed by business intelligence solutions from SAP, such as SAP BusinessObjects Analysis or SAP Lumira® software.

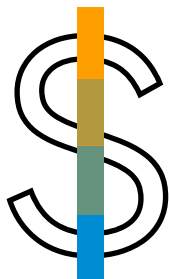


Improve profit margins by reducing direct material costs, shortening quote cycles, lowering new-product costs, and maximizing the reuse of parts.

- **SAP Analytics Cloud solution integration** – Real-time integration allows you to share insights on the management level, as seen in Figure 12.
- **Outbound integration for sharing results of the calculation process across the SAP solution landscape and third-party software solutions** – This supports product portfolio management, production planning, supplier relationship, and customer relationship processes.

Figure 12: Detailed Analysis and Reporting

		CALCULATION_VERSION	Pump 1- Base - 2017			Pump 1- Base - 2018			Pump 1- Base - 2019	
			COST	TOTAL_QUANTITY	Cost per Unit	COST	TOTAL_QUANTITY	Cost per Unit	COST	
MATERIAL		COST_COMPONENT	EUR	PC		EUR	PC		EUR	
#100-100	Casing	Materials (AG 110)	10.000,00	100,00	100,00	100.000,00	1.000,00	100,00	200.000,00	
		Activities (AG 120)	28.526,00	100,00	285,26	285.026,00	1.000,00	285,03	570.026,00	
		Overheads (AG 130)	6.705,20	100,00	67,05	67.005,20	1.000,00	67,01	134.005,20	
		<b>Result</b>	<b>45.231,20</b>	<b>100,00</b>	<b>452,31</b>	<b>452.031,20</b>	<b>1.000,00</b>	<b>452,03</b>	<b>904.031,20</b>	
#100-110	Slug for casing	Materials (AG 110)	1.000,00	100,00	10,00	10.000,00	1.000,00	10,00	20.000,00	
		Activities (AG 120)		100,00			1.000,00			
		Overheads (AG 130)	100,00	100,00	1,00	1.000,00	1.000,00	1,00	2.000,00	
		<b>Result</b>	<b>1.100,00</b>	<b>100,00</b>	<b>11,00</b>	<b>11.000,00</b>	<b>1.000,00</b>	<b>11,00</b>	<b>22.000,00</b>	
#100-120	Flat seal	Materials (AG 110)	1.000,00	100,00	10,00	10.000,00	1.000,00	10,00	20.000,00	
		Activities (AG 120)		100,00			1.000,00			
		Overheads (AG 130)	100,00	100,00	1,00	1.000,00	1.000,00	1,00	2.000,00	
		<b>Result</b>	<b>1.100,00</b>	<b>100,00</b>	<b>11,00</b>	<b>11.000,00</b>	<b>1.000,00</b>	<b>11,00</b>	<b>22.000,00</b>	
#100-130	Hexagon screw M10	Materials (AG 110)	8.000,00	800,00	10,00	80.000,00	8.000,00	10,00	160.000,00	
		Activities (AG 120)		800,00			8.000,00			
		Overheads (AG 130)	800,00	800,00	1,00	8.000,00	8.000,00	1,00	16.000,00	
		<b>Result</b>	<b>8.800,00</b>	<b>800,00</b>	<b>11,00</b>	<b>88.000,00</b>	<b>8.000,00</b>	<b>11,00</b>	<b>176.000,00</b>	
#100-200	Drive	Materials (AG 110)	2.000,00	100,00	20,00	20.000,00	1.000,00	20,00	40.000,00	
		Activities (AG 120)	16.812,00	100,00	168,12	168.012,00	1.000,00	168,01	336.012,00	



Control the levers of profitability using software that helps integrate market requirements and cost information early on in the product lifecycle.



## EXTENSIBILITY

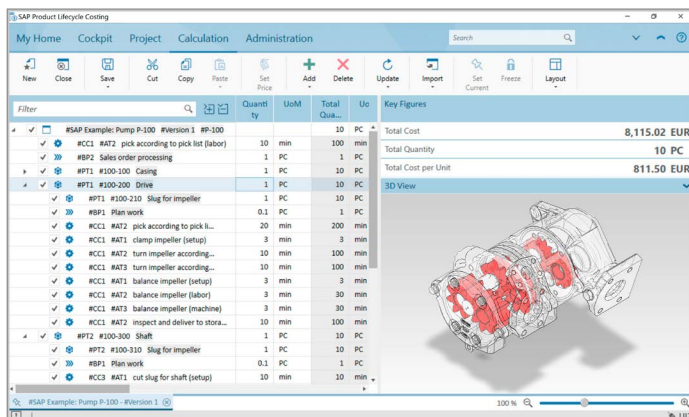
SAP Product Lifecycle Costing offers a broad set of functionalities to adjust and create individual customer fields that are not standard. The fields can be easily created by the user and used in reporting. In addition, you can put a formula on each of those fields to perform individual customer calculations. Also, standard fields can be used to take customer-specific calculations into account. A software development kit with an add-in framework also enables you to automate processes and make the calculation-creation process even faster. The framework can also be used to enhance the ribbon on the toolbar with additional customer features, such as a BOM compare report or a validation cockpit. The side panel can also be enhanced to bring in item-specific, context sensitive tools such as SAP 3D Visual Enterprise applications for context-sensitive, 3D viewing or the SAP Jam™ collaboration platform (see Figure 13).

## SECURITY AND COLLABORATION

Security is a key focus for many organizations, as product costing is a highly sensitive topic that has a direct impact on business. SAP Product Lifecycle Costing features a dedicated and secure user interface and includes functionality for cross-departmental and cross-organizational product costing activities.

With functionality to control the visibility of data according to user or role permissions, SAP Product Lifecycle Costing enables a high level of security.

**Figure 13: Extensibility – 3D Viewing**



# Realize the Benefits of Precise Cost Calculations

## OPTIMIZE COSTS AND MAXIMIZE REVENUE

SAP Product Lifecycle Costing lets you support R&D processes with detailed cost estimates when designs are evolving and master data is only partially available. Through simulation and evaluation, it supports optimization of both supply and production costs.

The solution enables you to simplify the handling of forced decreases in sales price over the lifetime of a product by identifying possible cost reductions for direct materials, the reduction of labor cost rates based on learning curves, and many other variables. You can also simplify the handling of the volatility of many inputs, such as commodity-driven pricing, money markets, and raw-material availability.

Cost control throughout the entire lifecycle of a product leads to an improvement of the cost structure of your organization as a whole, resulting in:

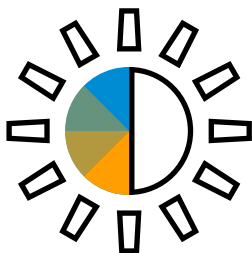
- **Greater ability to innovate** and perform in changing business environments
- **Reduced product costs** and avoidance of unprofitable product variants
- **Mitigation** of financial risks
- Shortened quotation cycle and **reduction in time to market**

- Improvement of **component reuse** with fast, intuitive search capability
- **Data transparency** and consistency across sites and company
- **Streamlined business processes** across sites, including a global costing process
- Better **business insights** through a single reporting and analysis interface
- Increased **accuracy** through global system accessibility
- Improved **efficiency** through integration of legacy systems

## FIND OUT MORE

SAP Product Lifecycle Costing helps you ensure fast and reliable cost estimates in the early stages of the product lifecycle, enabling you to quickly identify cost drivers and easily simulate and compare alternatives.

Learn more online about [product lifecycle management](#) and [product lifecycle costing](#) with SAP applications. You can access a [free trial option](#) to test SAP Product Lifecycle Costing or check out our [global training class](#). Also, feel free to contact your SAP representative.



Harness the power of in-memory computing, from concept acquisition to production and disposal, to work with massive quantities of data in an instant.



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