FACTON
INNOVATIVE COST MANAGEMENT

STEP-BY-STEP

TO COST-BASED ENTERPRISE MANAGEMENT

Nine Steps to Successfully Select an EPC Solution

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STEP-BY-STEP TO COST-BASED ENTERPRISE MANAGEMENT – NINE STEPS TO SUCCESSFULLY SELECT AN EPC SOLUTION

For manufacturing companies, it is becoming more and more difficult to control project and product costs throughout the lifecycle. The complexity increases with exponential data volumes, new material mixes or flexible lot size models – and these are just a few reasons. Spreadsheets distributed throughout the company or standalone calculation solutions reach their limits here. Manual data processing becomes increasingly challenging and the error rate rises while the lack of transparency of the costing structures grows.

Enterprises use the solutions in Enterprise Product Costing (EPC) to analyze cost structures consistently and reliably throughout all phases of the lifecycle. They standardize their calculation methods, centralize cost data and create all cost calculations in a single application. This leads to a uniform view of costs in the enterprise and enables targeted cost control.

> **Think ahead and control product and project costs effortlessly throughout the entire lifecycle.**

The decision to implement a holistic, enterprise-wide costing solution puts previous costing structures and workflows to the test. A number of key issues must be resolved first: What challenges need to be overcome and what is the goal? What systems and providers are there? Which solution will achieve the objectives reliably and securely? Much time and effort is required to select the right solution, so careful preparation of the project is necessary in order to minimize risks and failures.

Based on our years of experience in this area we have put together a check list for you with the most important steps to successfully select an EPC solution:

1. SEEK APPROVAL FOR THE PROJECT
One or more employees initiate the project and document the problems of the existing costing tool as well as the methods and processes. They outline what the solution with EPC software will look like, present the added value associated with it and create decision-making criteria on this basis. If project approval is granted the department then plans and/or appropriates a corresponding budget.
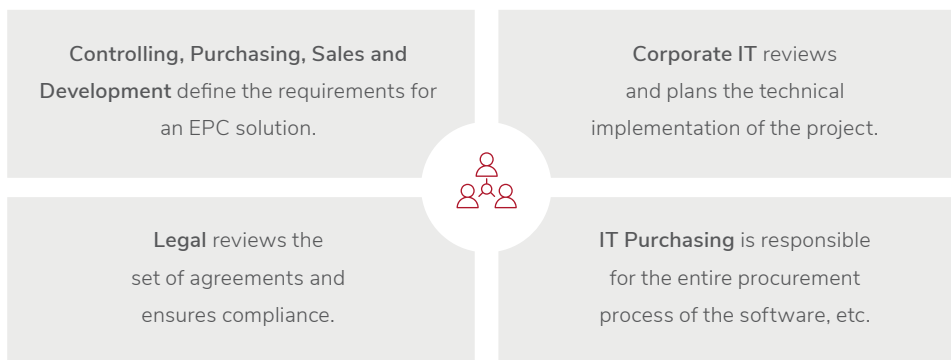
2. APPOINT A PROJECT MANAGER
A project manager is appointed to coordinate and manage the bid invitation. He sets the timeline for the bidding process, puts together a project team and defines all activities and responsibilities. He also compiles the necessary documents for the bid invitation, documents arrangements and ensures the expected results. The project manager has a

complete overview of the project status at all times and is the central point of contact for questions from the participating departments.

3. PUT TOGETHER AN INTERDISCIPLINARY PROJECT TEAM

The project manager puts together a team with members from all relevant areas of the company. He determines the different requirements and coordinates the flow of information, which promotes acceptance of the project. The members come from different departments such as:

Controlling, Purchasing, Sales and Development define the requirements for an EPC solution.	**Corporate IT** reviews and plans the technical implementation of the project.
Legal reviews the set of agreements and ensures compliance.	**IT Purchasing** is responsible for the entire procurement process of the software, etc.

4. COORDINATE SYSTEM REQUIREMENTS WITH IT

The implementation of an EPC solution is jointly planned with Corporate IT. Conditions are specified to integrate the new system into the existing IT landscape. Open interfaces to existing systems such as CAD, ERP or PLM enable automatic data transfer and an enterprise-wide data pool. Early coordination prevents multiple IT projects from being planned simultaneously and competing against each other later.

5. CONSOLIDATE DEPARTMENTAL REQUIREMENTS AND SPECIFY GOALS

What goals should the EPC solution achieve and what challenges must be overcome? A needs assessment in the departments helps to consolidate the requirements in advance. The more specific the goals and challenges, e.g. compiled as a top 10 list, the more detailed the review and comparison of the software solutions of individual providers.

6. EVALUATE USE CASES WITH SELECTED PROVIDERS

The project manager gathers information about possible providers and their EPC solutions in advance. The analysis shows which competitors meet the departmental requirements. A workshop is held with selected providers to evaluate and optimize use cases. Holding workshops in parallel with multiple providers shortens the bidding process. The providers' degree of fulfillment is directly evaluated on this basis.

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7. SET A REALISTIC TIME FRAME

The timeline of the bidding process is defined in advance. This can take up to twelve months from the first exchange until the signing of the contract. Usually six months are planned for the implementation. The time frame depends on various factors including the customer-specific configuration of the solution. The project manager controls the schedule and informs participants if there are any delays.

8. GET MANAGEMENT INVOLVED IN THE DECISION-MAKING PROCESS EARLY ON

The project manager updates management regularly on the project progress. The potential provider of the EPC solution should be involved on specific dates to present the advantages of an EPC solution that positively affect the entire company and answer questions that go beyond the previously planned use. The introduction of EPC software can be implemented in a more targeted manner if an executive sponsor is picked for the entire project who advocates the project at the management level.

9. SELECT THE RIGHT COLLABORATION PARTNER

The decision to introduce an EPC solution is also a decision for long-term, in-depth collaboration with a provider. It may be worthwhile to get to know the involved team members of the provider in advance, especially those from Consulting or Support. This fosters a positive working environment and contributes to the success of the project. In addition to assessing the functionality of the solution in question, services such as analysis and consulting for existing cost processes, training opportunities and user support also play a key role in the success of a partnership. Providers that offer regularly scheduled conferences and webinars share best practices, promote exchange within the costing community and consistently advance the topic of costing on behalf of the enterprises.

Through careful preparation and a structured approach you ensure the success of your selection process and can enter into the next phase of EPC introduction: specification and implementation.

ALSO READ:

‣ Perform Costing Quickly and Consistently.

‣ Identify Opportunities and Risks with Detailed Analyses and Simulations.

‣ Optimize Costs and Processes and Identify, Evaluate and Track Cost Savings Potential.

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▪ ABOUT FACTON

The FACTON EPC Suite is the leading Enterprise Product Costing (EPC) solution for the automotive, aerospace, mechanical engineering and electronics industries. Its specific solutions offer robust answers to the requirements of executive management and individual departments within the enterprise. FACTON EPC enables standardized, enterprise-wide costing independent of location and department for maximum product cost transparency throughout every phase of the product lifecycle. Businesses accelerate their costing, achieve pinpoint cost accuracy and secure their profitability.

FACTON was founded in 1998 and has locations in Potsdam, Dresden, Stuttgart and Detroit. Hasso Plattner, founder and chairman of the supervisory board of SAP SE & Co. KG, has supported this innovative company since 2006. The international portfolio of customers includes Ford Motor Company, Henniges Automotive, DURA Automotive Systems, Airbus, Mahle Behr, MANN+HUMMEL, Porsche and other renowned manufacturers.