



Alta Via Consulting, LLC

SAP'S PRODUCT LIFECYCLE COSTING (PLC) TESTING PERFORMED IN GERMANY



SAP's Product Lifecycle Costing (PLC)—formerly 'Product Design Cost Estimate' is part of the Product Lifecycle Management (PLM) Suite that enables companies to calculate the costs of new products with greater speed, accuracy and insight.

During the first two weeks of July, I had the opportunity to test this new SAP product. The purpose was to have users test the development against test scripts ensuring the code worked properly and produced the results that were intended.

The calculation screen has been configured to allow, amongst others things, the following features:

- ▲ change structures, quantity and price inputs of existing calculations
- ▲ create new calculation versions by importing material bills (BOMs) and routings from the ERP system or from Excel spreadsheets
- ▲ maintain and configure master data

The first column illustrates the 'Structure' (e.g. material, activities, processes, documents, etc.) for the selected product(s). Subsequent columns display all the quantity and cost data of which some are editable. Also 'Key Figures' (below right), Total Cost and Total Quantity is displayed with tabs below that (not shown) to display Version Header Data, Item Detail, the Costing Sheet and the Cost Component Split.

Structure	Quantity for One Assembly	UoM (Qty for One Assembly)	Total Quantity	UoM (Total Quantity)	Total Cost	Reporting Currency	Price (Fixed)	Price (Variable)	Price
SAP Example: Pump P-100 - SAP Example: Version 1.0			100	PCS	51,794.13	USD	406.15	111.79	517.94
4230 1422 Provision according to Picking (Set)	0	min	0	min	0.00	USD	2,772.36	0.00	2,772.36
4230 1420 Provision according to Picking (Ma	0	min	0	min	0.00	USD	2,246.88	415.66	2,662.54
4230 1421 Provision according to Picking (Lab	10	min	1,000	min	625.55	USD	2,590.96	400.00	2,990.96
1000 100-100 Casings	1	PCS	100	PCS	15,860.60	USD	108.48	50.13	158.61
1000 100-200 Actuation	1	PCS	100	PCS	7,283.23	USD	37.42	35.41	72.83
1000 100-300 Hollow shaft	1	PCS	100	PCS	28,024.75	USD	254.83	25.41	280.25
4220 1422 Blanking slug (Setup)	10	min	10	min	70.23	USD	3,357.74	0.00	3,357.74
4220 1420 Blanking slug (Machine)	10	min	1,000	min	1,428.53	USD	6,253.88	576.38	6,830.26

The primary testing requirements/goals to be performed by the testers were as follows:

- ▲ add, change or delete rows (structure) and quantity and price inputs
- ▲ check that imports are complete and correspond with the source system
- ▲ check and validate that the figures change and calculations are done accordingly
- ▲ ensure fields are formatted correctly for the required input
- ▲ record issues to developers and retest once resolved

Key Figures	
Total Cost	51,794.13
Total Quantity	100
Version Header Data	
Item Details	
Organization	
Company Code	1000
Business Area	
Profit Center	1010
Quantity	
Total Quantity	100 PCS
Price and Source	
Price (Fixed)	406.15 USD
Price (Variable)	111.79 USD
Price	517.94 USD
Price Unit	1 PCS

Alta Via and other client users were able to test and record several good lists of issues relating to accuracy, completeness and deficiencies in the tool. We successfully contributed to the development and are hopeful that our testing verifies that PLC will prove to produce a superior user experience when released in the near future. □

By Jan van der Merwe

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ALTA VIA CONSULTING, LLC

"A BETTER USE OF INFORMATION"

About Us

Alta Via Consulting's practice focuses on management processes that include *blueprinting, planning, analysis, control* and *decision support tools* to meet our customers costing needs. We thrive on addressing specific challenges related to advanced cost management, highlighting solutions and best practices to help managers achieve their optimization objectives.

Our consultants are passionate about adding value to each project, bringing to the client a greater understanding and transparency of their business processes. This allows the client to become more responsive to business changes and thus more profitable.

Whether the path to success requires an integrated ERP solution, a stand-alone modeling tool, or enhancements to existing functionality – Alta Via's forte is to serve as *solution architects* to prove there is '*a better use of information*'.

About Jan van der Merwe

Jan van der Merwe is a Senior Consultant at Alta Via Consulting, LLC, responsible for designing, implementing and testing advanced costing systems.



Prior to joining Alta Via in 2008, Jan spent 12 years with South African Airways as a management accountant responsible for product costs.

Jan has a BA in Business Economics, and a Diploma in Mechanical Engineering. Jan travels to client sites, as well as to SAP Headquarters in Walldorf, Germany to perform testing with other Alta Via Director/Partners.

When Jan is not traveling for work, he and his wife are frequently traveling back to Johannesburg, South Africa to visit his extended family including his children and grandchildren.

ALTA VIA'S COSTING EXPERTS LOOK FORWARD TO BEING YOUR TRUSTED ADVISOR TO HELP WITH ALL YOUR TRAINING, DOCUMENTATION, INSTALLATION AND CONFIGURATION NEEDS.

Mission Statement

Alta Via Consulting is a niche provider of advanced cost management solutions, planning and simulation, business intelligence and decision support services with a clear goal of helping clients achieve enterprise optimization. Our consulting practice continues to expand to support the growth of your organization's costing needs.



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