



Cognitive Controllingship – Dynamic Cost Allocation

Function:
Finance

Processes:
Management accounting, cost allocations, cost accounting, variance analysis (e.g., Price variance, usage variance), and profitability analysis

Industry:
Consumer & Industrial Products, Retail, Wholesale Distribution

Business Driver

- Lack of visibility into sources and composition of allocations
- Allocation results only available after period close
- Historical and/or plan data not taken into account when predicting future allocations

Solutions Overview

Variance and profitability analysis are core monthly finance processes that have an impact on the financial close and management decisions and strategy. Today our large clients have multiple levels of review at disaggregated business units dedicated to explaining variances, allocating cost to products and plants, and performing profitability analysis. This application will target the analysis to help shorten review times and offer companies the ability to further centralize operations.

Features

- Visual analytics showing sources of allocated dollars and other allocation related metrics
- On-demand allocation runs that will use current period posted transactions in combination with historical data to predict the most likely allocation at period end
- Continuous learning via machine learning as the engine studies variances and allocation data attributes

Potential Benefits

- Decreased time required to perform cost allocation
- Ability to dynamically change the allocation model based upon automated cost pool and allocation driver data analysis
- Increased accuracy via automated calculations and exception-based manual reviews
- Increased transparency to cost allocation data and methodology which enable more effective decision making
- Reduce the 'winners' and 'losers' in the allocation by utilizing dynamic data analytics
- Enhanced comparability across reporting portfolio for management analysis



Machine Learning

- Cognitive learning to make suggestions for corrective actions to help improve operations



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Analytics

- Analytics for Cloud
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