

# Cost management

Optimize costs across the supply chain by collecting, analyzing, and evaluating a wide range of comprehensive cost data to unlock deeper insights and new opportunities.

## Create value through cost optimization

Simply put, cost management is about calculating and accounting the cost of a product or service; however, this modest view excludes the value-adding service that cost accounting delivers to management in the form of additional information and insights into the business. The challenge is to quickly move from collecting and calculating costs to generating actionable insights and intelligence into inventory and work in progress values that create value through continual cost optimization.

## Dynamics 365 Supply Chain Management

Dynamics 365 Supply Chain Management's cost management solution gives businesses deep insights into cost performance across the value chain in near real-time. It equips cost accountants with the tools required to move from collecting cost data to providing management with actionable information and reports.

The introduction of Global inventory accounting gives businesses the ability to account inventory in multiple representations, each following a set of defined inventory accounting rules for reporting purposes like Statutory, Consolidation, or Management accounting. Additionally, inventory can be accounted in a selected secondary currency.

Gain deep insights into cost performance across the value chain in near real-time.

## Benefits

### **Better understand profitability**

Better understand profitability by product to make more effective management decisions, such as setting reasonable product prices.

### **Drive cost optimization**

Cost management analysis brings managers' attention to variances between actual and planned costs and provides detailed insight into how variances occurred, allowing them to take adequate measures to optimize cost.

### **Spot trends and improve KPIs**

Detect trends in valuation of inventories, and empower managers to take actions to drive improvements in key performance indicators like Inventory turn and Days of inventory.

### **Make strategic data-driven decisions**

Improve managers' access to high-quality and contextual cost data to help enable more strategic decision-making by business leaders.

## Key features

### **Process documents and cost measures**

Collect and process documents and cost measures in the specified inventory representations, applying relevant inventory accounting rules.

### **Define policies**

Create and administrate inventory accounting rules policies to govern.

### **Analyze cost**

Leverage embedded Power BI dashboards for viewing the status of inventories or perform cost analysis by product or product family.

### **Management reporting**

Automate and streamline standard management reporting processes, such as inventory statements and inventory aging, and track key performance metrics.

### **Calculate and apply overhead**

Improve and automate the processes of adding overhead costs based on rates or percentages on top of direct costs, like material and labor.

Dynamics 365 improves visibility and accessibility to business costs of inventories, empowering you to make better operational decisions, optimize costs, and maximize overall profitability.

