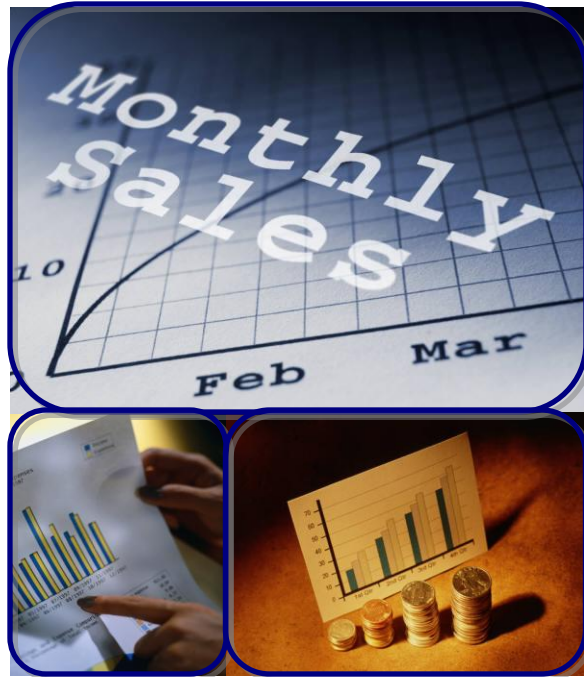


# White Paper



**Best Practice**  
**mbas – Business Analytics**

White Paper		GC/T/0113 V 1.0
mbas-Analytics		W. E. F. 01/01/2009

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## 1. Introduction

Trading enterprises spread across geographical locations are primarily faced with two major issues viz. How to optimize inventory, and How to maximize profitability. In an attempt to solve these two issues top management needs to have information at their finger-tips.

Any enterprise operating in the trading environment utilizes some kind of information system to record its day-to-day transactions across various departments. Over the years spreadsheets have formed an important tool for managerial decision making. Data stored in this format can assist an organization to make only simplistic decisions but cannot provide predictive insight into the future. Also, data in this format is not presented to a particular individual's need i.e. same data will be available across the enterprise. For example a purchase clerk is interested in the status of the purchase order at any given day but the top management is primarily interested in the total purchase value in the financial year which can be drilled down to quarters, months and weeks.

mbas - Business Analytics have been assisting trading enterprises to utilize data in a manner that they gain a competitive edge over their competitors by transforming the way in which they perceive data from simply transactional information to data as a strategic resource. It is a powerful web based, online dynamic reporting solution offering extensive and in-depth analysis of an organization's business data.

This paper presents information regarding how mbas – Business Analytics can assist and enhance managerial level decision making in the areas of Profitability measurement, sales, inventory optimization, procurement and financial analysis.

**“Predictive Analysis through mbas – Business Analytics”**

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## 2. Overview

2.1. << *Write down the overview of the white paper-module name*>>

mbas – Business Analytics for Trading industry enables a manager to successfully gauge the performance of his enterprise facilitating him to take proactive steps thus outperforming the competition. The various areas mbas – Business Analytics caters to are as follows:

- Profitability
- Sales
- Inventory
- Procurement
- Finance

All these decision-making areas are supported through a combination of the following features:

- Cubes
- Reports
- Dashboards
- Score Cards

### ***Profitability***

This area of decision-making is handled and monitored directly by top-level management. To effectively arrive at key decisions, information related to profitability needs to be consolidated and presented in the most relevant format so that it is easily understood.

#### ***Profitability Cube:***

mbas – Profitability Cube is set of Dimensions and Measures which allows a manager to select his own set of parameters and generate user-defined profitability reports. As an insight, a few of the key measures include gross profit, net profit, revenue, COGS to sales ratio, etc.

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*Profitability Reports:*

Some of the key reports include:

- Customer Profitability Analysis - This provides a listing and comparison of various customers spread across regions and the profits earned from each. Thus facilitating determination of valuable customers
- Product wise Profitability - This provides a listing and comparison of various products and the profits earned on each one of them. This helps in realigning the product portfolio on a frequent basis and identifying customer preferences

*Profitability Score Cards:*

Score Cards act as business cockpits enabling a manager to monitor the performance of a decision-making area. Each scorecard displays the goal and the achieved value. This is represented pictorially through red, yellow and green colors depicting the extent of fulfillment of the goal

A few of the profitability scorecards are as follows:

- Customer Profitability - This displays the total profits achieved against the total expected customer profits
- Net profit - This displays the net profits achieved against the total expected net profits

A few of the other are Net Returns, Return on Sales, Revenue, etc.

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## ***Sales***

This area of decision-making is primarily monitored by top to middle level management and sales managers. Similar to Profitability, Sales has the following key components

### *Sales Cube:*

mbas – Sales Cube is set of Dimensions and Measures which allows a manager to select his own set of parameters and generate user-defined sales analysis reports. A few of the key measures include delivery date accuracy, orders to delivery time, return rate, etc.

### *Sales Reports:*

A trading enterprise's sales function primarily comprises of customer management, product management, sales force management, etc. Sales managers regularly need information in all these areas to maximize revenue. mbas – Business Analytics provides sales managers instant sales analysis through few of the following reports:

- Sales Metrics – This provides customer wise sales of each item for a particular period and helps predict the expected future sales in the coming periods
- Product Sales Year-to-Date - This helps identify which products are selling more and which are on a decline enabling whether a product needs more supplies or needs to be substituted, discontinued

### *Sales Score Cards:*

Sales Score Cards are similar to profitability score cards and act as business cockpits. A few of the sales scorecards are as follows:

- Sales Value - This displays the total sales value achieved against the total expected sales value

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- Faultless Invoices - This displays no. of faultless sales invoices against the ideal situation of 100% faultless invoices

A few of the other are Orders Return Rate, Sales Returns Rate, Perfect Order Fulfillment, etc.

### ***Inventory***

This area of decision-making is managed by inventory managers. The key components of inventory include the following:

#### *Inventory Cube:*

mbas – Inventory Cube allows an inventory manager to select his own set of parameters and generate user-defined inventory analysis reports. A few of the key measures include Inventory Accuracy, GRN Qty, Issued Qty, COGS Value, Cost of Inventory Held, etc.

#### *Inventory Reports:*

An inventory manager is primarily concerned with how to reduce inventory without affecting customer satisfaction. With mbas – Business Analytics can be assured, as all possible inventory analysis information is available at the click of a button. A few of the industry researched reports include:

- Inventory Usage – This provides an item’s quantity usage enabling a manager to take various planning decisions such as defining the safety stock level, ROI, etc.
- Inventory Cost - This provides total cost of inventory stored in each warehouse over a given period of time.

#### *Inventory Score Cards:*

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A few of the inventory score cards are as follows:

- Inventory Turns Value - This displays the actual inventory turns against the expected inventory turns
- Gross Value Of Transfers - This displays actual value of inter-stock transfers against the anticipated value

A few of the other are score cards are Cost Of Inventory, Days Of Supply Qty, Inventory Accuracy, etc.

### ***Procurement***

This area of decision-making is primarily monitored by purchase managers. The key components of Procurement include the following:

#### *Procurement Cube:*

mbas – Procurement Cube allows a purchase manager to select his own set of parameters and generate user-defined procurement reports. A few of the key measures include Invoice Accuracy rate, Returns Rate, Supplier Fill Rate, Orders to Delivery Time, etc.

#### *Procurement Reports:*

A purchase manager has to concentrate on areas of vendor performance evaluation, optimized purchasing. mbas – Business Analytics not only helps him in enhancing decision quality but also take proactive decisions. A few of the reports with the above capabilities are as follows:

- Vendor Performance – This report provides a comparison of vendors based parameters such as Avg. Lead Time, Average Shipment Value, In Time Delivered Order Value, etc.



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- Month-wise Purchases – This report displays the total purchase value of each item for each month in a selected period

*Procurement Score Cards:*

A few of the procurement score cards are as follows:

- Order Value - This displays the actual total value of all the purchase orders against the expected order value
- Order Line Items Fill - This displays line items fill rate for all the purchase orders against the ideal 100% fill rate.

A few of the other are score cards are Invoice Accuracy Rate, Purchases Returns Rate, Supplier Fill Rate, etc.

***Finance:***

This area of decision-making is primarily monitored directly by top-level management and finance managers. The key components of Finance include the following:

*Finance Cube:*

mbas – Finance Cube allows manager to select his own set of parameters and generate user-defined finance reports. A few of the key measures include COGS Per Unit Sold, Avg. Inventory Daily/Monthly/Quarter, Avg Daily Credit Sales, etc.

*Finance Score Cards:*

A few of the finance score cards are as follows:

- Avg. Daily Credit Sales - This displays the actual avg. credit sales value against the expected avg. credit sales

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- Avg. Monthly Inventory - This displays the actual avg. monthly inventory value in comparison to expected avg. monthly inventory value

A few of the other score cards are Avg Daily Inventory, Gross Profit, Invoice Reversal Rate, etc.

***Dashboard:***

In addition to the above components for each decision making area mbas also provides for rich and comprehensive Dashboards. The Dashboards present executive reporting for the top management. The sheer dynamism of the Dash Boards give a snap shot of the business allowing management to take timely and quality decisions. A few of the dashboards are as follows:

- Top 5 Customers - This graphically displays the top five customers based on sales value in a quarter
- Top 5 Vendors - This graphically displays the top 5 vendors based on purchase value in a quarter

**3. Benefits**

- Provides predictive insight into the future
- Enhances quality of decision
- Facilitates root cause analysis
- Ensures timely decisions

**4. Conclusion**

- mbas – Business Analytics for trading caters to all areas of decision – making viz. profitability, sales, inventory, procurement and finance
- mbas – Business Analytics supports management at all levels through user-defined reports (through cubes), redesigned reports, KPIs/score cards and dashboards

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- mbas – Business Analytics facilitates profitability analysis through reports such as Customer and Product profitability
- mbas – Business Analytics facilitates sales analysis through reports such as Sales Metrics and Product Sales Year-to-Date
- mbas – Business Analytics facilitates inventory analysis through reports such as Inventory Usage and Inventory Cost
- mbas – Business Analytics facilitates procurement analysis through reports such as Vendor Performance and Month-wise Purchases
- mbas – Business Analytics facilitates financial analysis through user-defined reports and automatic score cards on Avg. Daily Credit Sales and Avg. Monthly Inventory