



Acorn Systems

Product Profitability Analysis and Management

As global competition and concerns about economic stability increase, companies are forced to take a more sophisticated look at profitability. To remain competitive, companies must be able to identify the products that are causing a drag on profitability. This is no easy task when it involves huge product lines, operational complexity, multiple vendors and diverse customer requirements. Without a clear understanding of which products are making or losing you money and why, your pricing strategy could take you in a dangerously unprofitable direction.

Do You Really Know Your Products' Profitability?

Meaningful profitability analytics look beyond revenue and gross margins to uncover hidden profits and losses. By factoring in the real costs associated with each product, you are able to make adjustments – operational and financial – that favorably impact your bottom line. However, this requires a level of accuracy and granularity beyond what most systems are able to provide. This requires accurate data capture and analysis at every point. Essentially, it means modeling and monetizing your business processes so that you are able to make good decisions that lead to profitable adjustments.

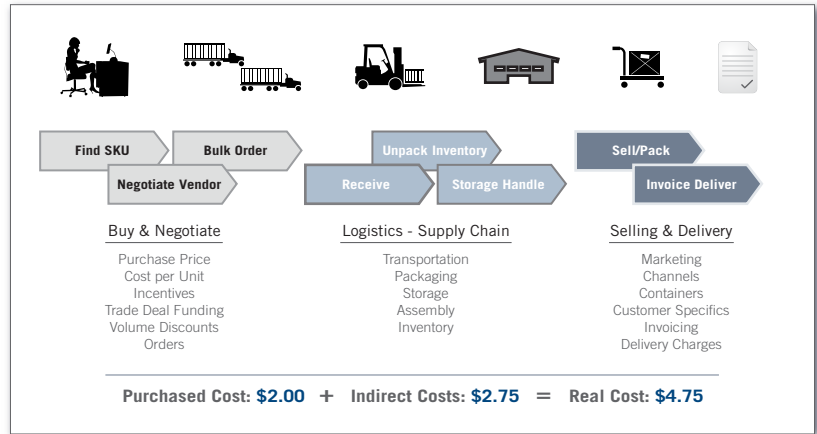
“Acorn Systems' solution gives us even greater visibility into the profitability of our individual stores and products we sell.”

—Steve Stone, CIO, Lowe's

The Evolution of Product Profitability Management

Accuracy, flexibility and sustainability have been the challenge to useful profitability analysis. Legacy systems lacked the ability to collect and analyze data at the level of granularity necessary to make meaningful decisions.

Often, the data was aggregated to accommodate the data quantity, resulting in an inability to isolate the true factors affecting profitability of a single SKU, product group or vendor. Traditionally, the more granular the system, the less flexible and sustainable it became, thus consuming tremendous resources to maintain. Advanced methodolo-



gies and technologies have enabled product profitability management to evolve from revenue based to net profit based. Decision makers now have access to a very different picture of profitability.

Gain the Insight You Need

Acorn Systems provides the appropriate level of detail needed to make decisions and take action on:

- Category Management
- Costing Analysis
- Market Basket Analysis
- SKU Rationalization
- Vendor Negotiations

About Acorn Systems

Acorn solutions combines technology and methodology to improve profitability and increase shareholder value for Global 2000 companies in Financial Services, Retail, Consumer Products, Manufacturing, Distribution, Logistics, and Services. To learn more about improving your company's profitability call 1.800.982.2676, email sales@acornsys.com, or visit www.acornsys.com