

## SMART Decision Unlimited power of data



### Reshaping the Cost Model

#### Highlight

Several organizations seek to understand the cost associated with their products and services in a transparent, granular and integrated way and to use this information in its decision-making processes. However, the way they address the amount of data available to provide useful insights for decision-making remains a challenge.

Deloitte applied the SMART Decision solution to develop a new cost model for a payments institution, to understand in a transparent, granular and integrated way, the costs of the Institution's products and services, and to use this information in its decision-making processes.

#### Business & Issues

Our client is a payment processing company that needed a redefinition of the respective cost allocation methodologies. They had a **low acceptance of the existing Cost Model** and the **need to change the IT infrastructure**.

SMART Decision was the solution chosen to **create a Cost Model**, incorporating well-defined cost objects and allocation principles, and to produce clear and simple outputs, supported by a maintenance framework appropriate to the reality of the payments institution.



“The project aimed to develop a new Cost Model, allowing the Institution to understand in a transparent, granular and integrated way the costs associated with their products and services ...”



#### Approach

The SMART Decision was used to integrate data from different internal sources, to provide an overall view of the costs and design the new cost model. We produced several reports and analysis, each with specific objectives and outputs, in order to meet the needs of the Institution.

The project was developed around 5 key dimensions:

- Review and definition of the multiple dimensions of analysis and cost allocation methodologies
- Definition of the governance model and the maintenance process for the cost model, in order to continuously support the decision making process
- Production of the first results and data calibration for a defined period of time
- Definition of the reports to be produced by the new Cost Model, incorporating the various dimensions considered, in order to sustain a set of relevant analyses
- Development of the new Cost Model through the support of micro informatics tools

“... as well as to use this information to support the Institution's decision-making processes.”

#### Case study results



Conceptual design of the Cost Model



Governance Model of the Cost Model



Cost Model Reports, adjusted to the information needs of the different business areas



Data model in Excel support

#### Results

After 4 months, this was the value-added delivered to the Client:

- Implementation of a new Cost Model, with allocation methodologies and associated reports, tailor made to the needs of the Institution;
- Identification of the necessary information to support the model and mapping of the information sources;
- Detailed information regarding the costs associated with each product, with a specific P&L for each - to understand its profitability and make detailed analysis and a well-informed decision regarding the future of the product (e.g. reduce its costs, be more efficient, be discontinued);
- Ability to extract detailed product cost information according to desired dimensions (e.g. segment, channel), in order to sustain a set of relevant analyses.



Ready to make SMART Decisions? Let's talk.



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