

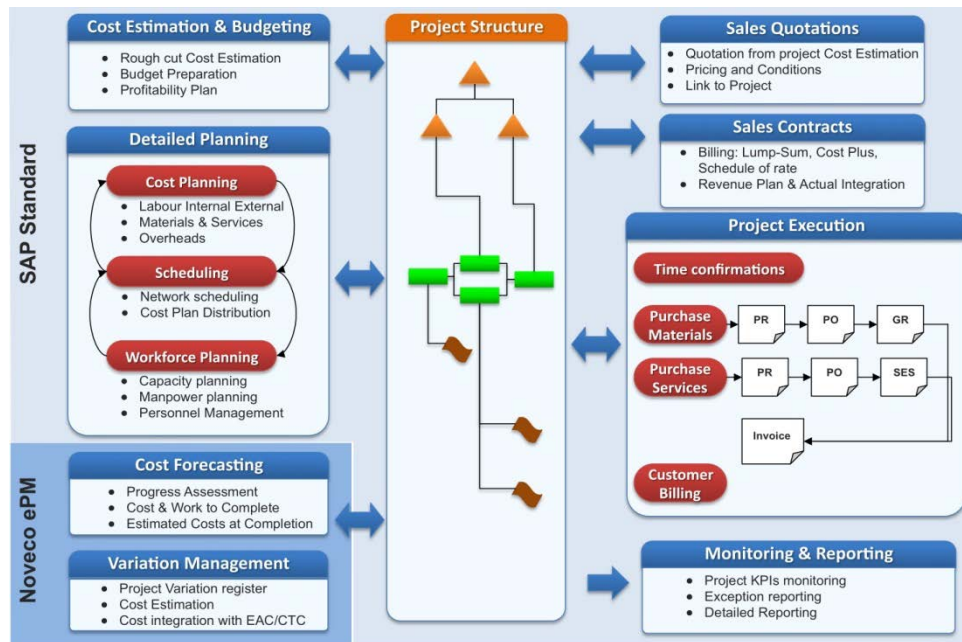
Project Cost Forecasting

Integrated Project Management in SAP

Integrated Project Management is the key to successful project and program management. SAP system provides almost all tools necessary to support one the most complex process within your organization. While all business processes are important, we would like to focus on Project Forecasting as an integral part of the project management lifecycle.

Project Forecasting is a repetitive planning process that is performed on a project on a regular basis. It provides a realistic prediction of project remaining work and costs to complete (CTC) and calculates project estimated cost at completion (EAC) based on the resources spent, funds committed and progress achieved. The result of the current month forecast becomes the basis for the forecast to be performed next month, this process is repeated periodically until project is closed.

The cyclic nature of the project forecasting makes it different from project planning. Project plan (or initial estimation) finishes before the start of the project while the forecasting process continues on until the project is complete. The periodic forecasting is reconnecting the initial project plan or last month forecast with execution processes thus playing the integral part in connecting project upstream activities such as estimation, dates scheduling, procurement, time confirmations etc. with the downstream activities, such as resource planning, progress analysis, profitability planning, project results analysis and reporting.



Noveco extended Project Management

Noveco's certified ePM (extended Project Management) solutions enhance SAP Project System functionality to enable cost forecasting and variation management processes to be performed directly in SAP ECC.

Noveco's enhancements enable management of project **cost and work to complete** directly in SAP PS. It uses various automatic methods to recalculate remaining costs from time confirmations, material consumption, service entry, invoices, purchasing commitments etc. After automatic recalculation is complete users can change cost and work to complete manually. Manual changes affect the entire project structure: estimated at completion (EAC), budget deficit, margins and exceptions are immediately recalculated. Costs and work to complete are distributed and saved directly in SAP ECC.

Noveco' ePM Variation Management enhances PS Claims functionality to enable project variations to be created, approved and applied to project budgeting, cost forecast and revenues. Now project and contract variations created in SAP are fully and seamlessly integrated with your project management and reporting processes.



Business Benefits

By integrating project planning, procurement, resourcing, monitoring and periodic forecasting in one integrated SAP system you can achieve better control over project management processes in your company:

- achieve greater consistency, transparency of project information
- manage your projects in one central integrated SAP ECC system: no interfaces to third-party software, no spreadsheets; SAP becomes a single source of truth
- improve efficiency of the project management processes
- streamline and standardize your month-end and reporting
- reduce operational costs related to time spent preparing reports
- reduce operational costs of supporting systems other than SAP

Monitoring project exceptions and regular forecast creates foundation for management decision making, introduces consistent project governance and minimizes project risks.

While Cost Forecasting is an essential processes in integrated project management the SAP standard Project System does not fully support it. The standard functionality is limited and user interfaces are not available. As a result, periodic forecasting is not performed in integrated SAP system and customers tend to use PS primarily for collecting costs while using other non-SAP tools for project monitoring, forecasting and reporting. This disrupts the project management business processes and leads to loss of information integrity and transparency. It makes projects governance in SAP difficult, which in turn undermines the benefits of implementing integrated system such as SAP ECC.

