



Intelligent Management of Material Costing



Rethinking Costing: Why Intelligent Planning is Critical for Alco-Bev Manufacturers

In an industry characterized by tight margins, fluctuating raw material costs, and intricate multi-brand operations, traditional costing methods are no longer enough. The alco-bev sector demands agile and accurate costing models that can respond to dynamic market forces—from shifting consumer demand to vendor price volatility. Legacy spreadsheets and disconnected systems struggle to keep up with the complexity of brand hierarchies, plant-level production planning, and cross-functional collaboration.

To address this, a modern, centralized planning solution is essential. By aligning SKU-to-brand level demand forecasts with plant allocations, input cost drivers like vendor pricing, maintenance, and taxation, and enabling real-time collaboration across supply chain, finance, and procurement teams—companies can transform material costing into a strategic advantage.

Embedded with capabilities like predictive modelling, scenario planning, and intelligent workflows, platforms like Pigment empower organizations to generate accurate material cost projections, optimize plant efficiency, and simulate the impact of inflation or vendor mix changes instantly. This is not just a digital upgrade—it’s a rethinking of how costing should work in a fast-moving, compliance-heavy industry.

Function	Current Practice	Digital Practice
Volume Planning	Manual SKU allocation via Excel	Dynamic SKU allocation with % split logic
Cost Inputs	Static entry of raw material & vendor data	Centralized, real-time vendor cost inputs
Plant Planning	Isolated production estimates	Integrated plant-wise volume planning
Scenario Modeling	Time-consuming cost simulations	Instant “what-if” impact analysis
Team Collaboration	Multiple disconnected files & emails	Role-based collaboration in a unified platform
Cost Reporting	Complex, delayed costing sheets	Automated cost roll-up with tax & inflation logic
Data Governance	Prone to errors and lack of traceability	Audit trails, access control, version management

Reimagining Material Costing in Alco-Bev with Pigment

Material costing in the Alco-Bev industry is a highly collaborative, detail-intensive process that involves inputs from multiple functions—procurement, supply chain, finance, and production planning. Yet, many organizations still rely on disconnected spreadsheets, siloed data, and manual updates to estimate product costs. This creates inconsistent outputs, limits visibility, and delays critical decisions in a fast-moving, margin-sensitive business.

An Enterprise Performance Management (EPM) platform like **Pigment** offers a unified, real-time, and automated solution that transforms how raw material costs are calculated, tracked, and analysed. It empowers cross-functional teams to work from a single source of truth, enhancing both precision and agility in cost planning and reporting.

Key Capabilities of an EPM-Powered Material Costing Model:

Centralized Cost Inputs & Hierarchies:

Capture raw material prices, vendor contracts, SKU-to-brand mapping, and BOM details in a structured and auditable format. Align multiple hierarchies such as SKU, Brand, Region, and Plant.

Real-Time Collaboration Across Teams:

Enable procurement, cost analysts, demand planners, and finance teams to input and review data in real time—no more version chaos or dependency on one file owner.

Scenario Modelling & What-If Analysis:

Quickly simulate the impact of ingredient price changes, supply disruptions, or shifts in allocation across plants on total COGS or per-unit material cost.

Integrated Volume & Plant Planning:

Connect volume depletion plans, SKU allocations, and plant-wise production planning directly into the costing logic—ensuring that cost outputs reflect operational realities.

Automated Cost Calculations:

Eliminate the need for manual VLOOKUPS or copy-pasting rates. Pigment’s logic engine computes material costs dynamically across time, product lines, and geographies.

Dynamic Dashboards & Executive Visibility:

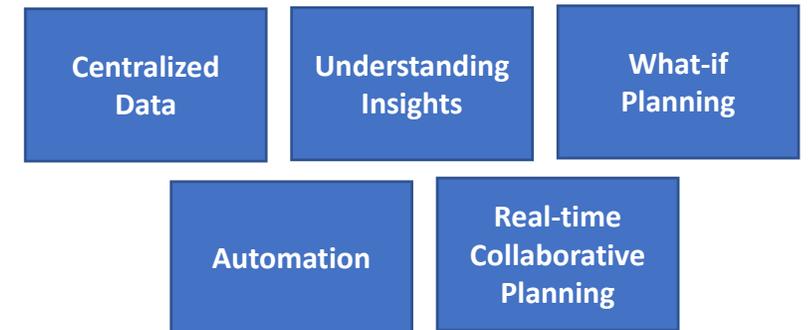
Provide leadership with live dashboards showing cost

per SKU, brand-level cost breakdowns, top cost drivers, and variance vs. baseline.

Version Control & Cost Traceability:

Track every update to material rates or formulas with complete version history—supporting better governance and audit readiness.

Intelligent Material Costing Model needs:



Smart Material Costing, Powered by Precision, Collaboration, and Real-Time Insight.

Intelligent Depletion

FEATURE SET 1

1. Predictions

Use Pigment’s ML-powered forecasting engine to automatically project material cost inflation, supply lead time trends, or raw material availability. Replace static spreadsheets and guesswork with continuously improving, data-backed forecasts to plan COGS more accurately across SKUs and plants.

Insights & Reusability

FEATURE SET 2

1. Insights

Uncover the “why” behind your material costs with smart, context-aware suggestions and dynamic dashboards. Instantly visualize drivers like input inflation, BOM changes, or plant-level inefficiencies—turning raw numbers into actionable intelligence.

2. Libraries

Centralize reusable inputs like vendor contracts, standard BOMs, and category-wide inflation assumptions. Avoid rework and ensure alignment across brands, SKUs, and plants.

FEATURE SET 3

Modelling, Auditing & Accuracy

1. Drill Down & Drill Through (Dependency Diagrams)

Trace cost composition from a single input (e.g., sugar price) all the way to brand-level profitability. See how a change in one ingredient’s price affects overall material cost, plant allocation, and SKU margins—ideal for finance and procurement reviews.

2. Sequence

Automate logic flows. This reduces manual touchpoints, enhances traceability, and ensures logical consistency across multiple cost centres and geographies

3. Snapshots

Capture full model states before rate card updates, cost assumption changes, or procurement revisions. Enables backtracking for variance analysis, audit trails, and quarterly COGS reconciliations

Smart Material Costing, Powered by Precision, Collaboration, and Real-Time Insight.

FEATURE SET 4

Collaboration, Governance & Review

1. Commenting & Collaboration

Enable cost analysts, procurement, plant heads, and finance teams to comment directly on data (e.g., vendor cost entries or plant allocations), streamlining discussions and cutting down on lengthy email threads.

2. Workflows

Define standardized flows such as:

Vendor Input → Cost Validation → Finance Approval → Final BOM Rollout

Ensures consistent governance and accountability across departments and markets.

3. Notifications & Alerts

Trigger alerts when unit cost spikes, BOM inconsistencies, or missing vendor rates are detected—helping teams address issues before they impact supply plans or budgets.

FEATURE SET 5

Data Interaction & Flexibility

1. Scenarios

Simulate different sourcing or inflation scenarios:

- **Best-case:** Stable raw material prices
 - **Base-case:** Modest price hike
 - **Downside:** Major vendor cost increase
- All inputs flow through to impact COGS, SKU margins, and pricing strategy.

2. Sheet View

Give users a spreadsheet-like view to quickly edit cost assumptions, BOMs, or plant allocations in bulk—while maintaining model integrity and real-time updates across teams.

3. Excel Add-In

Enable team members to interact with Pigment models directly from Excel—ensuring adoption while phasing out fragmented, static spreadsheets.

Material Costing: Traditional vs. Pigment-Driven Approach

Challenge Area	Traditional Methods (Excel, Manual)	Pigment Solution (Modern, Intelligent)
Cost Forecasting & Assumptions	Static cost sheets, manual updates, guess-based inputs	ML-powered Predictions for forecasting raw material prices, plant overheads, and vendor cost trends
Costing Logic Complexity	Disconnected BOMs, manual roll-ups, error-prone formulas	Sequence + Libraries automate roll-ups from SKU → Brand → Plant and ensure logic consistency
Audit & Traceability	Difficult to backtrack changes or understand cost spikes	Drill Down / Through + Snapshots for tracing cost evolution and auditing assumption changes
Scenario Testing	Separate files for every scenario, inconsistent assumptions	Scenarios enable quick switching between cost inflation, volume drops, or currency fluctuations
Cross-Team Collaboration	Long email threads, unclear ownership of assumptions	Commenting & Collaboration + Workflows bring procurement, supply finance, and cost teams together
Governance & Alerts	No alerts for missing inputs or unexpected cost surges	Workflows + Notifications/Alerts ensure review gates and proactive flagging of cost anomalies
Usability for Finance Teams	Complex Excel files with macros and nested logic	Sheet View + Excel Add-In support bulk edits and provide a smooth transition to centralized modeling
Reporting & Insights	Static reports, late insights on cost variance	Insights dashboards show cost breakdowns, material trends, and plant-wise comparisons in real-time
Reuse & Scalability	Rebuilding costing models for every new SKU or region	Libraries store standard assumptions (e.g., labor rates, input norms), ensuring consistent modeling



Thank You!