

Automating Complex Bill of Material Costing Across Markets for SKU Rationalization and Margin Protection

Case Study

Business Impact

95% ↑

In Material
Costing
Accuracy

\$7.2 M

in margin
retained

33% ↓

pricing response
time

2X

improvement in
SKU rationalization
decisions

Problem Statement

A global spirit company managing over 200 products faced persistent margin pressure. Each product had 5–7 packaging variations by market, with raw materials and supplier rates fluctuating frequently. The costing team struggled to maintain accurate, up-to-date Bill of Materials, leading to delayed pricing actions and underestimation of true landed costs due to manual and fragmented material costing processes. Pricing decisions were often based on stale assumptions, and finance teams found it difficult to isolate SKU-level cost drivers for strategic decisions.

Solution Overview

- Created a centralized repository capturing Bill of Materials by region, format, and packaging variation
- Integrated real-time feeds from commodity price indices and supplier contracts (e.g., glass, barley, aluminum)
- Enabled multi-layered Bill of Material structures, including primary, secondary, and tertiary packaging
- Delivered version control and regional mapping of Bill of Materials to accommodate SKU localization
- Built simulation modules to model input cost variations and supply chain rerouting impact
- Provided dashboard views by region, SKU family, and cost component breakdown
- Configured alerts for threshold breaches in key cost drivers (e.g., 10% rise in glass cost)