



"A Better Use of Information"

Alta Via Consulting, LLC



WHITE PAPER
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RCA Open-Source Application (ROSA)

ROSA IS AN ACRONYM USED FOR 'RCA OPEN-SOURCE APPLICATION', and was developed by Alta Via Consulting as a modeling tool to assist managers who require the powerful principles of Resource Consumption Accounting (RCA); allowing their operations to succeed with the most accurate costing analytics possible. Resource Consumption Accounting is recognized by the International Federation of Accountants as one of the most comprehensive approach to cost measurement at this time. Now the power of RCA is available for business planning in an open-source environment using the PALO™ application.

WHY IT WAS DEVELOPED

At the senior management level, metrics to satisfy both internal and external mandates are desired. Better ways to accurately and efficiently determine how and where a company's resources (labor pools, equipment, contracted services) are performing and not performing is becoming increasingly critical.

Where a major shortfall lies is the operational managers are given the same G/L generated data to use for establishing and evaluating their operational or shop floor metrics, that the accountants use for their externally-based financial statement/reporting metrics.

Thus, the RCA Open Source Application was conceived to show how an operational quantity-based model, derived separately from an organization's dollar-based G/L metric (e.g., EPS, ROI, etc.) can work. With the operational metrics being derived quantitatively (e.g., # of employees X 40hr wk x 50 = XX assembly hrs. per week. or Press Machine set to run 16 hrs. per day for X days per wk = XX machine hrs. per wk), managers can make intelligent decisions about where and how many resources are required whether its for growth or restructuring purposes. With ROSA, managers can readily access this quantifiable data then take the necessary steps needed to address any capacity-related issues by examining fluctuating variances (+ or -) that impacts the company's performance and production goals.

ROSA was conceived to show how an operational quantity-based metrics model can work.

BRIDGING THE GAP

Because Resource Consumption Accounting recognizes the gap between financial metrics and operational metrics, the best way to demonstrate the gap was by using a spreadsheet tool (i.e., PALO – an Excel Add-in program), and configure a RCA model pre-populated with the quantity-based numbers to show how RCA can provide greater accuracy, visibility and insight.

As stated in the **International Good Practice Guidance** published by IFAC PAIB Committee in July 2009,

*"A sophisticated approach at the upper levels of the continuum of costing techniques provides the ability to derive costs directly from operational resource data, or to isolate and measure unused capacity costs. For example, in the **resource consumption accounting** approach, resources and their costs are considered as foundational to robust cost modeling and managerial decision support, because an organization's costs and revenues are all a function of the resources and the individual capacities that produce them."*



DOWNLOAD ROSA

This application is classified as Open-source software, small to medium-sized enterprises, or larger Business units/Responsibility centers, can download ROSA free of charge with no licensing or contractual obligations. Our goal is for you to experiment with this decision support tool to understand how to recalibrate your operational metrics and continue to gain additional insights about the nature of costs, and the richness of the type of operating information that is available.

Once armed with knowledge and potential application possibilities, it becomes your decision to weigh the cost benefits/risks to determine if moving forward with a more advanced version – PALO Suite w/Licensing agreement – is warranted for your business.

ROSA download can be found on the Alta Via website under Services.

THE ROSA PACKAGE

The package contains the elements listed below with all the necessary files (databases, applications, manuals, storyboard etc.) compiled into one compressed zip folder **ROSA_USB**.

Installation Guide, this page guides the user through the ROSA process. To access this guide, double-click on the "Startup" shortcut after the ROSA_USB zipped folder has been downloaded and extracted. This guide page links to all of the other files needed to successfully load and operate ROSA.

Palo For Excel Installation File, this is the open-source business intelligence program called Palo For Excel that is required to run the ROSA databases and application files.

ROSA Base Model Database, a completely populated database showing a Resource Consumption Accounting (RCA) model that allows the user to view and manipulate data for a pharmaceutical company referred to as 'Get Well Manufacturing' (GWM).

ROSA Sample Database, a shell-like structure has been constructed without any master data or cost data to enable a user to input their own data and create an RCA model using their company's own data.

ROSA_v1_0 Excel File, an interface used to view, import, and update, delete cost model information and calculate the rates as described and shown in the ROSA Manual.

Visual representation of the Get Well Manufacturing Storyboard, a basic flow diagram of the fictitious pharmaceutical company's RCA cost model that provides users with a graphic representation of the cost objects and Provider / Consumer relationships in the model as shown in the ROSA Base Model.

ROSA Manual, a 76-page manual describes in detail RCA modeling, how to generate reports and helpful modeling examples that enable users to view the fictitious pharmaceutical RCA model as well as instructions for constructing your own RCA model.

RCA Open Source Application is a license-free application, established as part of the *PALO Suite* by Jedox portfolio.



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