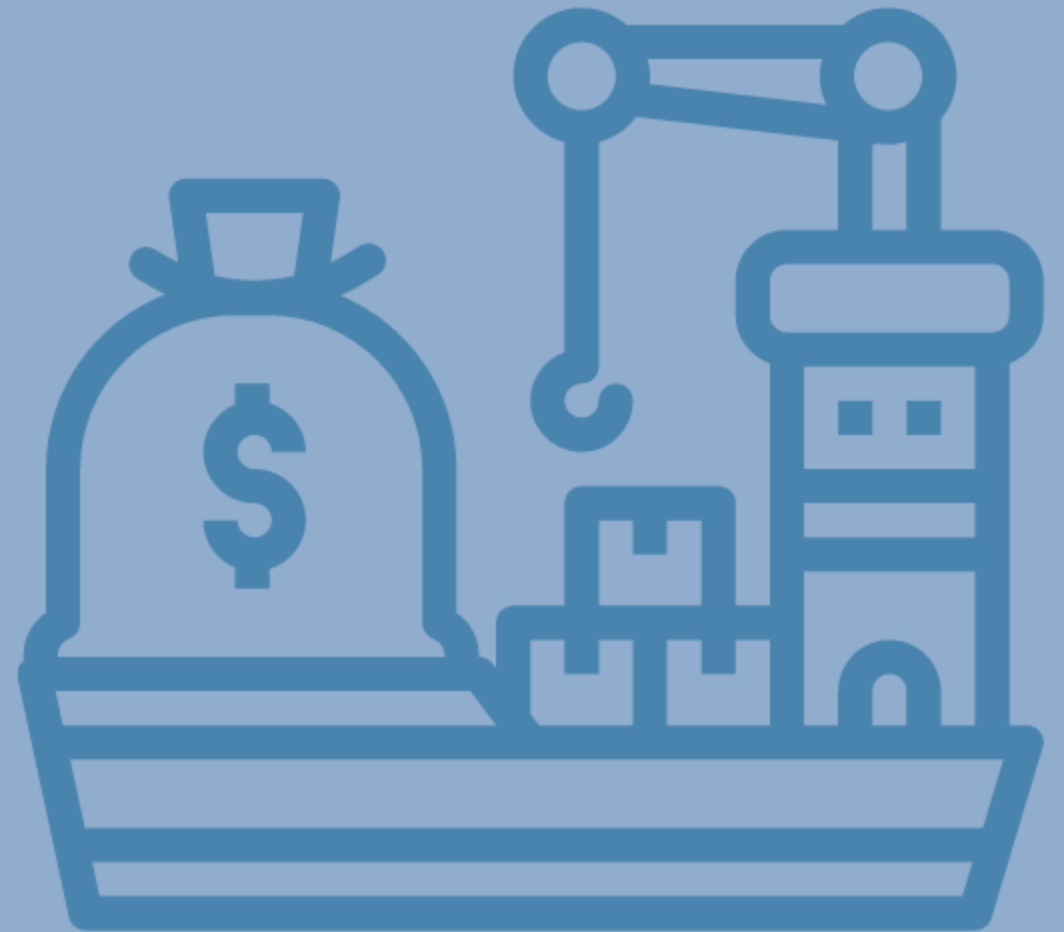


Whitepaper

# Landed Cost Analysis for SAP Business One

BI Experts at NewIntelligence provide analysis capability for Landed Cost for companies affected by soaring freight costs and price hikes around the world.



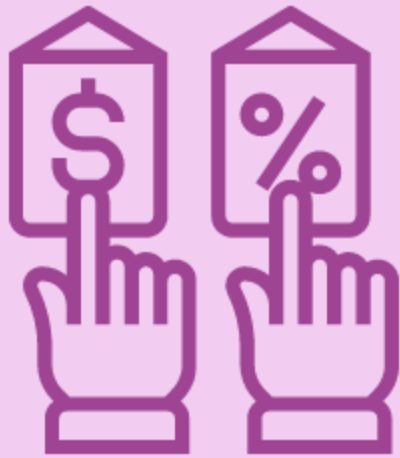
# Rising Costs



We are seeing exorbitant rising prices in shipping and customs fees and other related fixed costs that have been increasing at an exponential rate to the point where fixed costs for some organizations accounted for around 10% to 12% of cost of goods at the beginning of the year to now being closer to 40 to 45%.

For example, when a wholesale distribution client would purchase goods for \$100,000, it resulted in fixed costs of approximately 10-12K. This has now risen to approximately 40-45K for the same costs.

## Where the client spends \$1 million in goods in a month, additional costs can rise to \$400-500K



These costs are generally not anticipated when pricing products to end customers.



As elevated fixed costs come into play, these are causing companies havoc.



Companies begin to be less profitable or in certain situations lose money.

# Freight Costs Increasing Since January 2022

Since January 2022, this issue has progressively gotten worse. We have seen a gradual increase of freight costs where it started at 10%, then to 12% to 15% to 20% to 25 to 30% to 40% and most recently to 45%.



In order to safeguard their business expenditure in such volatile times, companies required the analytical capability to quickly identify the problem area and identify which products were being purchased and the exorbitant additional costs associated with them.



# NewIntelligence can help.



**SAP Business One** allows companies to look at their landed cost, but only when looking at the entirety of the shipment. If a customer is buying five or six items, the shipping, customs, and all of the fixed costs associated are only for the entirety of those five or six items.

**NewIntelligence** has identified those fixed cost and prorated those numbers against each of the individual items that were being purchased. These were then prorated based on the weight of each item within the shipment they came in.

The client can now examine the fixed costs and their allocation to individual items, providing an analytical perspective to what they are purchasing and the associated costs that go along with it.



With this new intelligence, the client can determine the pricing with the analytical capability of how much they should price the customer for freight, or any other charges to offset the additional fixed costs.

When things return to normal, these additional costs could easily be identified and reversed to their normal rate as needed and determined by the company.



We created the opportunity for companies to retain their original pricing structures. But the delta cost would allow to offset the fixed costs that the wholesale distributor has to incur.



For more information on how our Landed Cost analysis can help your business, contact the experts at NewIntelligence.

[sap.newintelligence.ca](https://sap.newintelligence.ca)

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