

A Management Perspective

Predict performance faster to record profits sooner...

By Richard Ritchie [ritchie@simio.biz](mailto:rritchie@simio.biz)

It's no secret: Simulation can predict performance, reduce risk and let you see the impact of change. Those who use it know how simulation helps projects get off the ground days – if not weeks -- earlier than imagined.

What often goes unnoticed is the over \$10,000-per-day benefit of using simulation to shave time off of a project's start date.

Audited results show the after tax, three year cumulative cash flow benefit from the predictive power of simulation for typical division-wide projects in global enterprises is \$14,954,000 (NPV 7%). That's \$13,657 per day in net profit after tax for every day sooner project benefits begin.

But in the past, simulation modeling by way of software programming was such a tedious, laborious process. Often simulation ventures resulted in so much hardship and frustration that it wasn't deemed worth the time.

That was then. This is Simio.

C. Dennis Pegden, an inventor of Arena, has created Simio – a simulation tool that enables the building of complex 3D models without programming. Users of Simio experience dynamic system modeling in 1/3rd the time normally required because no programming is required. dennis_pegden@simio.biz

So what is it worth? If we assume the elapsed project time to the first dollar benefit is 270 days of which 54 days of simulation analysis is needed, using Simio the analyst will save the project 67% of the days needed for modeling. That's 36 days sooner for project benefit to begin. At \$13,657 project benefit per day, the Simio user earns the project an additional \$491,652.

From a management perspective, in these economic times, the old cliché 'time is money' could not be closer to the truth. Simio helps predict performance faster so you can record profits sooner.

About the Author:



Rich Ritchie -Vice President Sales and Marketing

Rich Ritchie [ritchie@simio.biz](mailto:rritchie@simio.biz) is responsible for enterprise sales of the Simio scheduling application. Rich has held a variety of positions in sales and sales management. He specializes in developing mutually beneficial relationships with Fortune 1,000 customers. Rich was formerly CEO of Interim Sales Management Services; an interim sales management practice specializing in improving sales performance. © 2009 Simio LLC 504 Beaver Street, Sewickley, PA 15143 262-292-4730