

# Discussion 1: throughput accounting and optimization

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## DISCUSSION THROUGHPUT ACCOUNTING AND OPTIMIZATION DISCUSSION THROUGHPUT ACCOUNTING AND OPTIMIZATION

Corbett (2006) has indicated that the use of throughout accounting helps companies to determine how the decision making process will affect all of throughput, operating expense and investment. At Wal-Mart, a decision was made in 2013 to purchase Adchemy, which was an adtech company. This decision was subsequently honored. There were several insiders who described this decision and acquisition as mysterious for a number of reasons. Mainly was the fact that it was thought that the adtech business did not correspond directly to Wal-Mart's operations as a retail company (Edwards, 2014). In the long run, the decision as being a major component of throughput accounting and optimization was realized. This is because the decision eventually had an impact on throughput, operating expense, and investment. An overview of the company that was purchase is that it "specializes in " semantic search," or trying to develop meaningful, implied search results that go beyond the mere keywords punched into Google" (Edwards, 2014).

With the growing popularity of the use of search engines for a number professional and academic purpose, this decision was noted to be worthy and useful to Wal-Mart after all. This is because even though the amount that went into the acquisition was not made public, Wal-Mart started recording profits from the adtech, given its huge advertisement platform. Operating expense of the company therefore became very large for the months that followed immediately after the acquisition. What is more, this became a very huge platform for the company to improve its publicity as

Adchemy more or less became a customized search platform for Wal-Mart. Due to the benefits that the company derived from this decision, it can be concluded that it was a correct and justifiable decision, which forecasted the impact of technology and took advantage of this to affect operations, processes and software of the company positively.

#### Reference

Corbett, T. (2006). Three-questions accounting. *Strategic Finance*, 87(10), 48-55. Retrieved from the Walden Library databases.

Edwards J. (2014). Walmarts Mysterious Adtech Acquisition Has Tongues Wagging Over The Price. Retrieved June 15, 2014 from <http://www.businessinsider.com/walmart-acquires-adchemy-2014-5>