



# From Data to Decision Making: Leveraging Cognos 8 at Westpac

**IBM Cognos Forum Asia Pacific 2009**

Gold Coast, Australia

13 August 2009

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Project Director, Finance Transformation & Integration  
Westpac

Time : 3.30pm – 4.30pm



**Cognos**<sup>®</sup>  
software

# 1

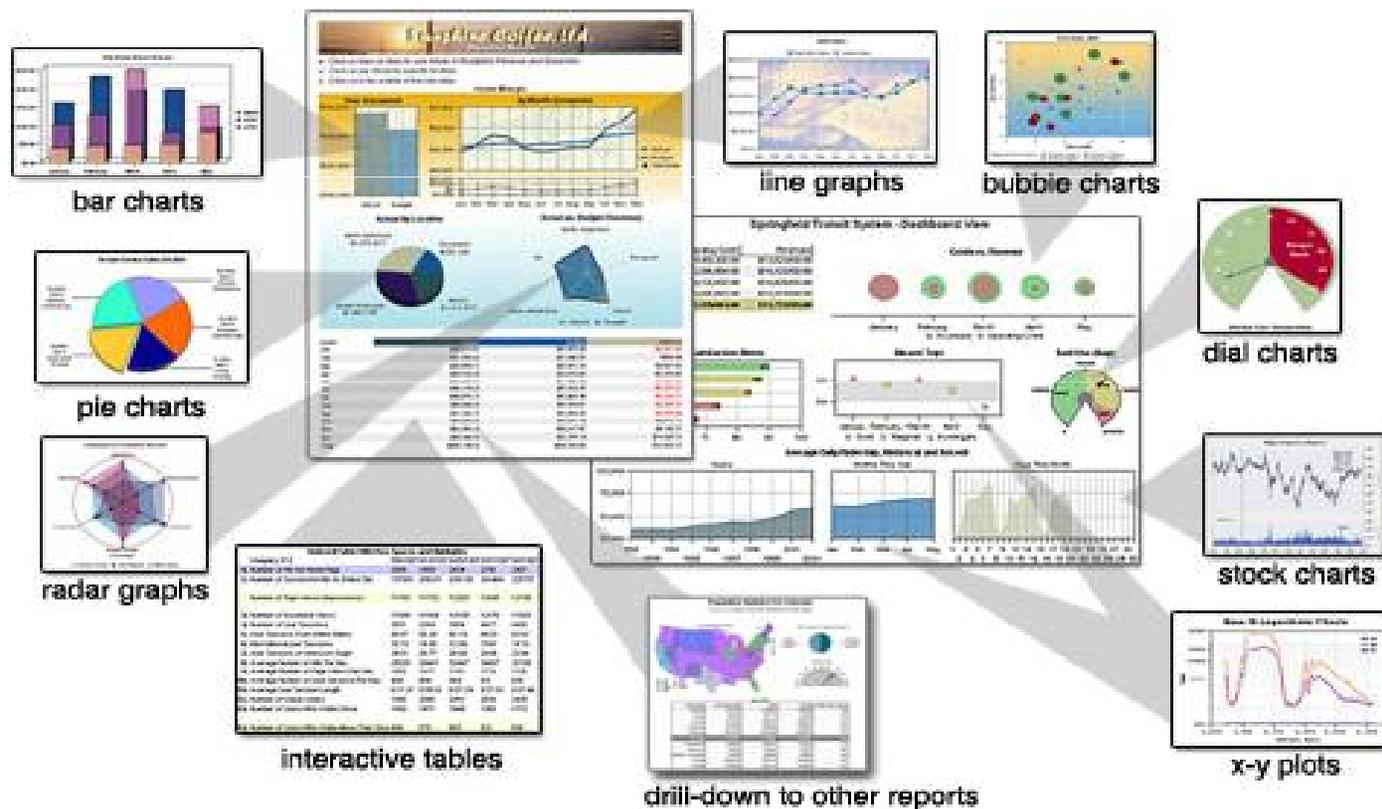
## Reporting Overload





# The Value of Reporting

The business value of reporting is simple: **it communicates and helps you understand your business's performance**. It leads you to take action on recent information. It creates a common context for decision making across every department and at every level.



# Missing the Mark with Reporting



Finance management have expressed concerns that their periodic performance updates to executives are failing to serve their ultimate purpose - to enable better enterprise performance by giving management the ability to make appropriate decisions on behalf of the organisation and its stakeholders.

This is partially because **Finance generates an unnecessary amount of information** in response to business partner demand. The problem with producing too much data is not only about wasting scarce resources, but more importantly about overwhelming management with data to an extent that may actually be hurting its decision-making ability.

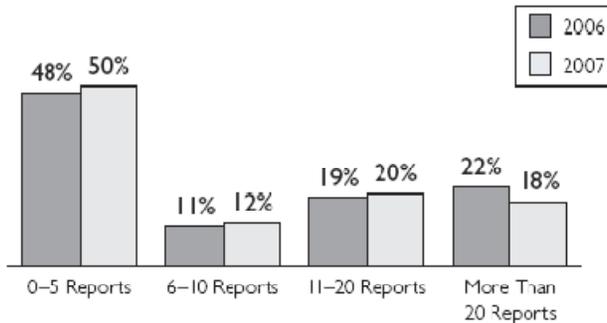
Research has uncovered two reasons why Finance is trapped in this information paradox:

1. an **overvaluation of business drivers**. The majority of Finance Management consider it important to include information about the underlying business drivers in performance reports. However, the tendency to include numerous layers of underlying business drivers in performance reports actually decreases their effectiveness in driving new initiatives and tracking current priorities.
2. the **attempt to address all enterprise performance measurement needs** in management reports. Because companies are increasingly using balanced scorecards to track performance and facilitate operating performance reviews, management reporting is now being put into the same framework. This approach risks creating an imbalance between financial and non-financial (operational) metrics and leading indicators which are necessary for a qualitative discussion of performance.



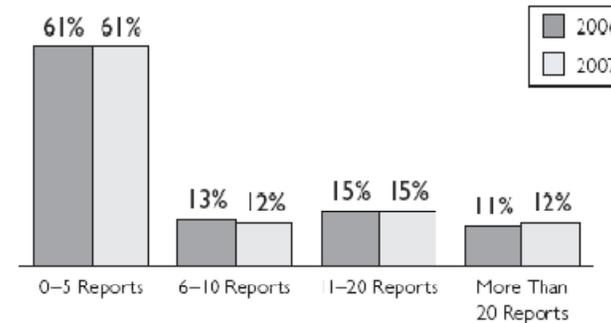
# Management Reporting Volume

Number of Business Unit Reports Produced Monthly  
Percentage of Respondents



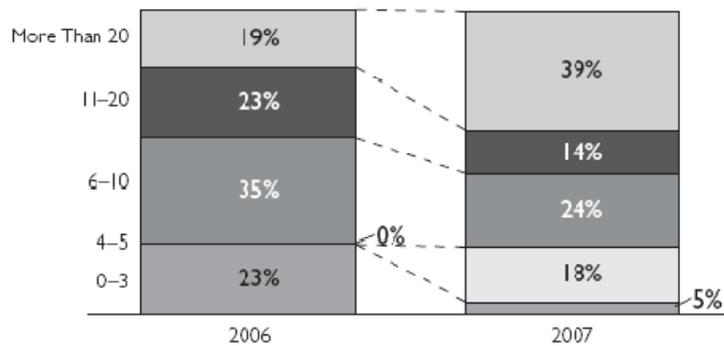
n = 48.

Number of Corporate Executive Reports Produced Monthly  
Percentage of Respondents



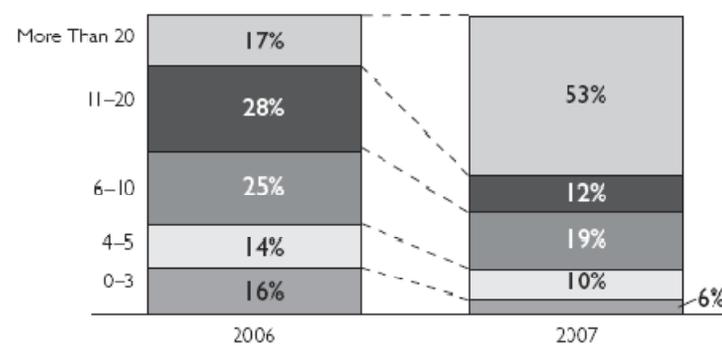
n = 48.

Average Number of Pages per Business Unit Report  
Percentage of Respondents



n = 48

Average Number of Pages per Corporate Executive Report  
Percentage of Respondents



n = 48.

# Overvaluation of Business Drivers

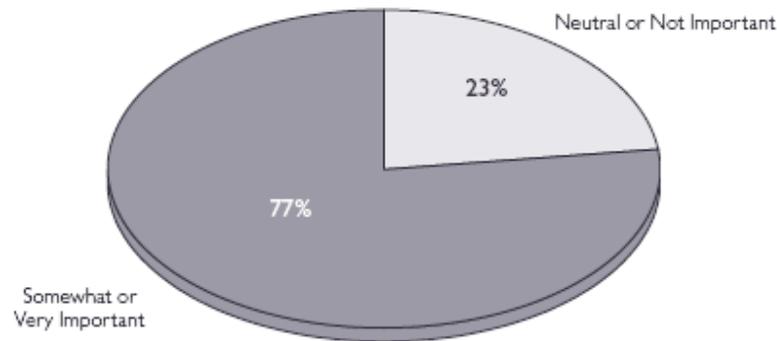


## MINING FOR GOLD

**A pronounced appetite for business unit-level performance data...**

Importance of Including "Underlying Business Drivers" to Corporate Executive Report Effectiveness

Percentage of Controllers, 2007

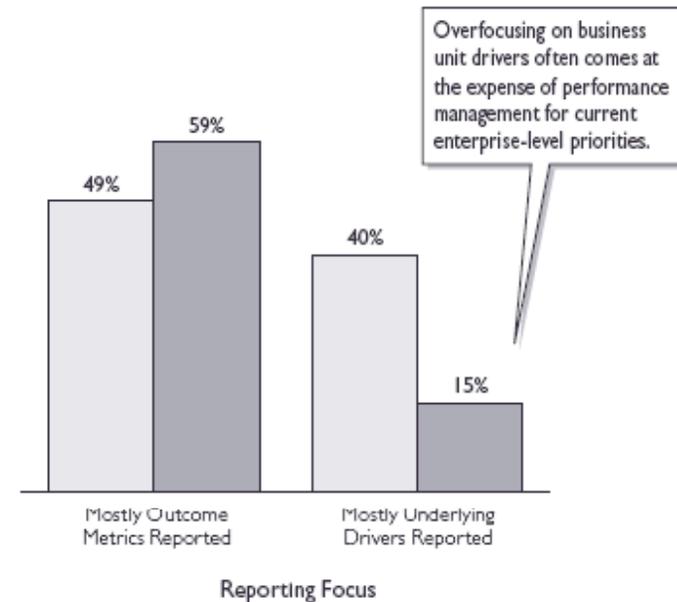


n = 68.

**...is exposing corporate executives to the risk of overlooking major performance priorities**

Effectiveness of Management Reports at Driving New Initiatives and Tracking Current Priorities

Percentage of Controllers, 2007



Very or Somewhat Effective at Driving New Initiatives
  Very or Somewhat Effective at Tracking Major Performance Priorities

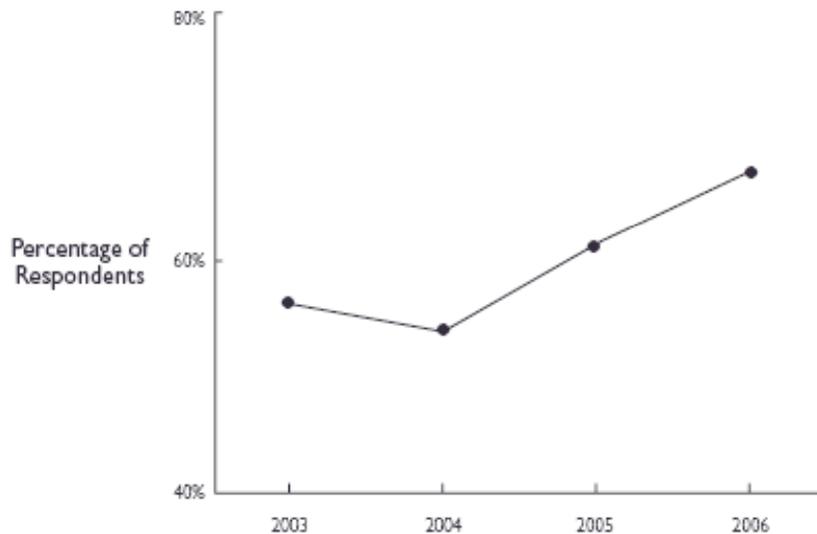
# Attempt to Address all Enterprise Performance Measurement Needs



## CASTING THE NET WIDE

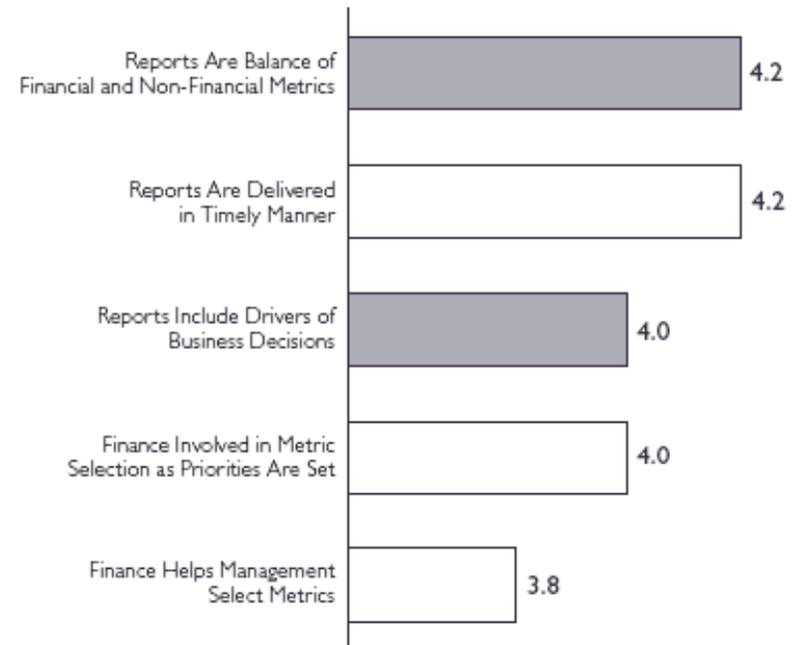
*Many are adapting the scorecard concept as a management reporting tool...*

Companies Using a Balanced Scorecard  
Percentage of Respondents, 2006



*...attracted by the promise of monitoring performance issues no matter where they manifest*

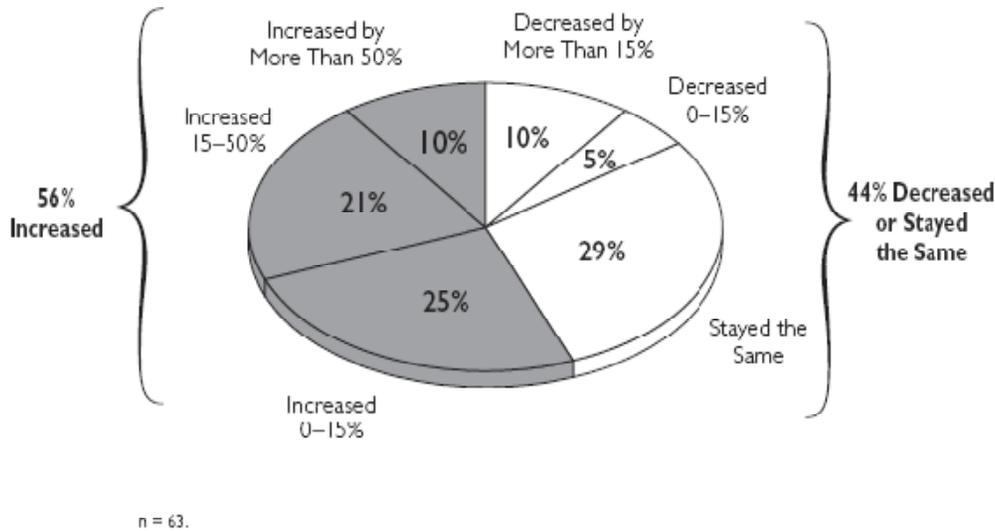
Importance of Select Management Report Attributes to Report Quality  
Average Importance Score (1 = Not Important; 5 = Very Important), 2007



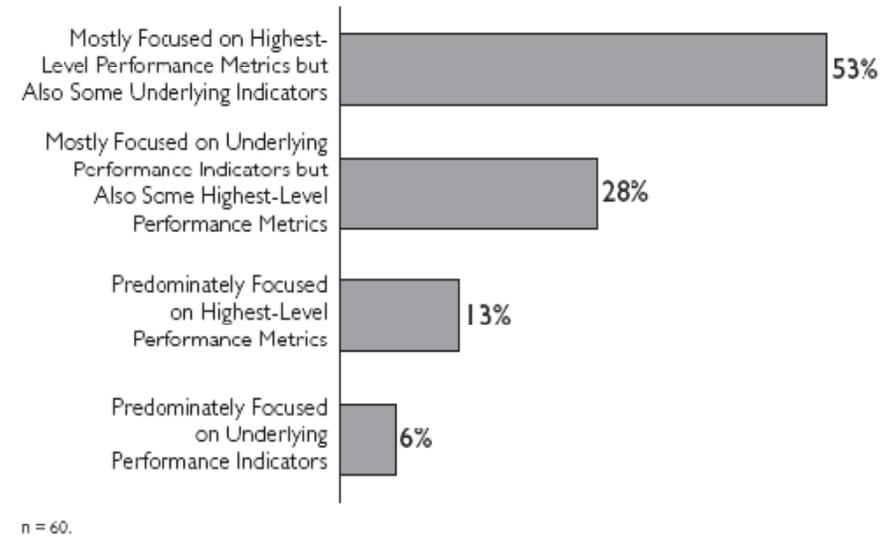
# Corporate Executive Report Characteristics



Changes to Volume of Data  
Last Two Years



Focus of Corporate Executives Report Content  
Roundtable Survey, 2007



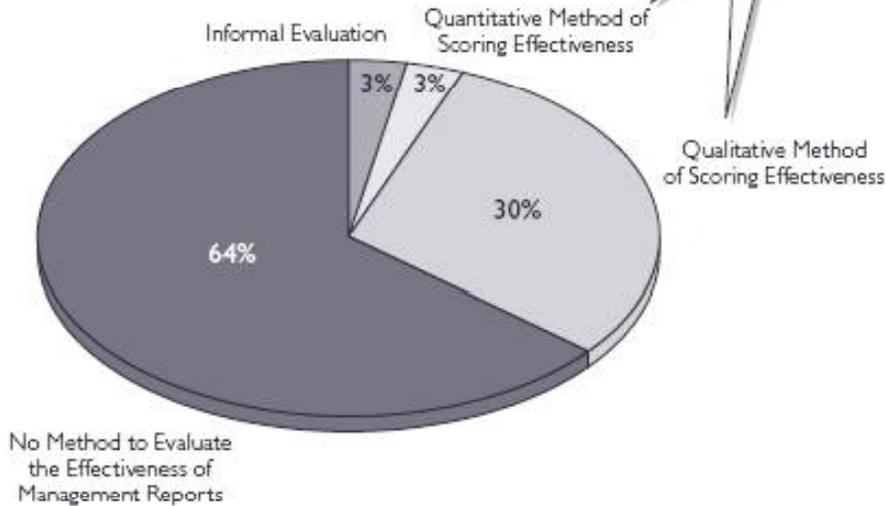
# Maintaining Reporting Value



## Evaluating Effectiveness of Internal Reports

Roundtable Snap Poll, 2007

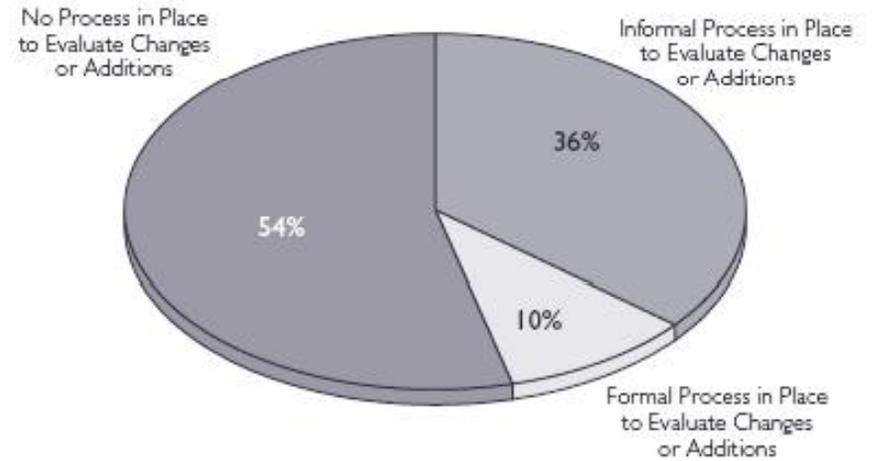
Only one-third of companies have a formal method of evaluating the effectiveness of their management reports.



n = 68.

## Evaluating Changes or Additions to Internal Management Reports

Roundtable Snap Poll, 2007

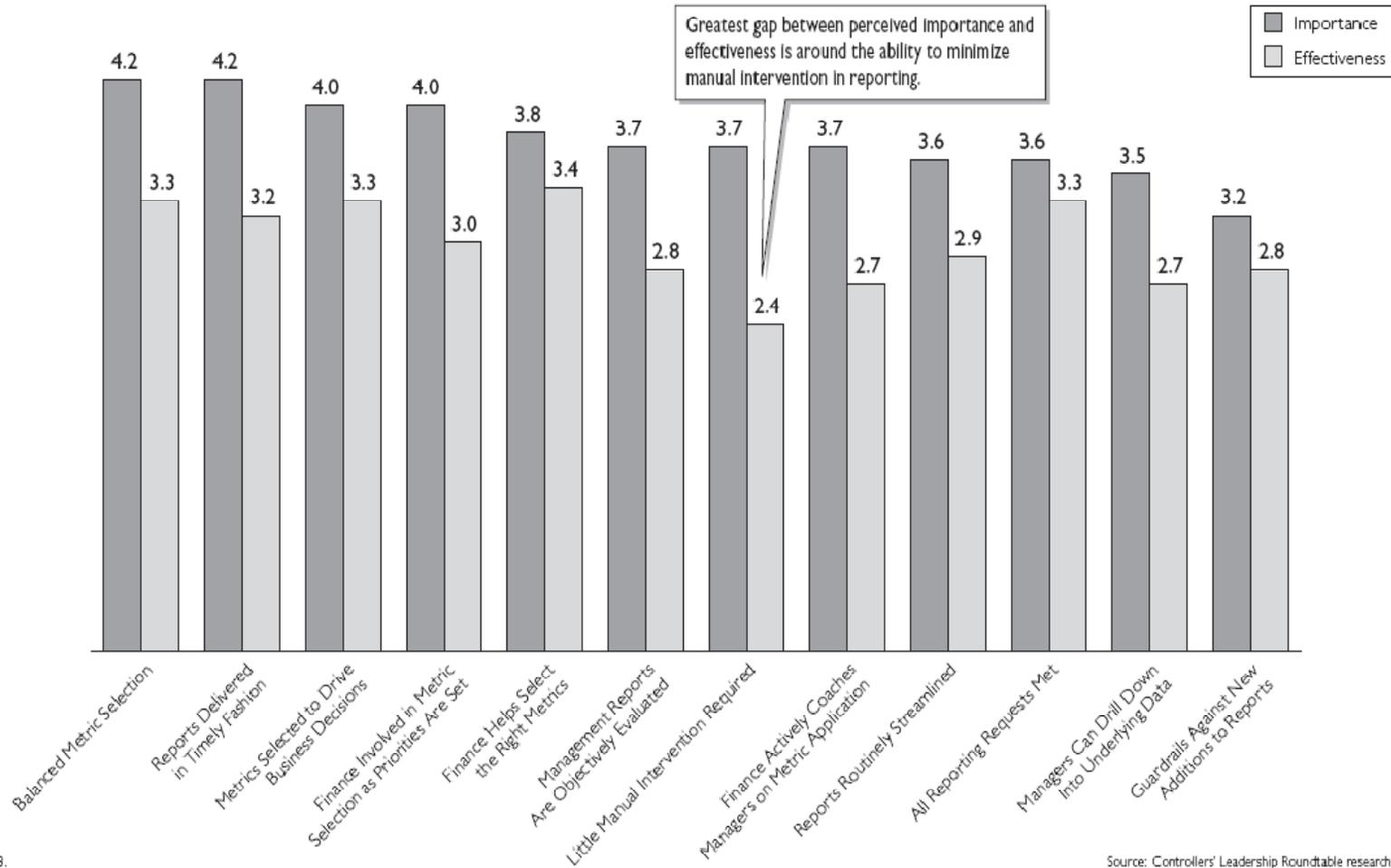


n = 68.



# Importance & Effectiveness of Reporting Attributes

Importance Versus Effectiveness of Reporting Attributes  
Roundtable Survey, 2007



n = 68.

Source: Controllers' Leadership Roundtable research.

# 2

## Increasing Value in Management Reporting



# Refocusing Management Reporting on Decision Value



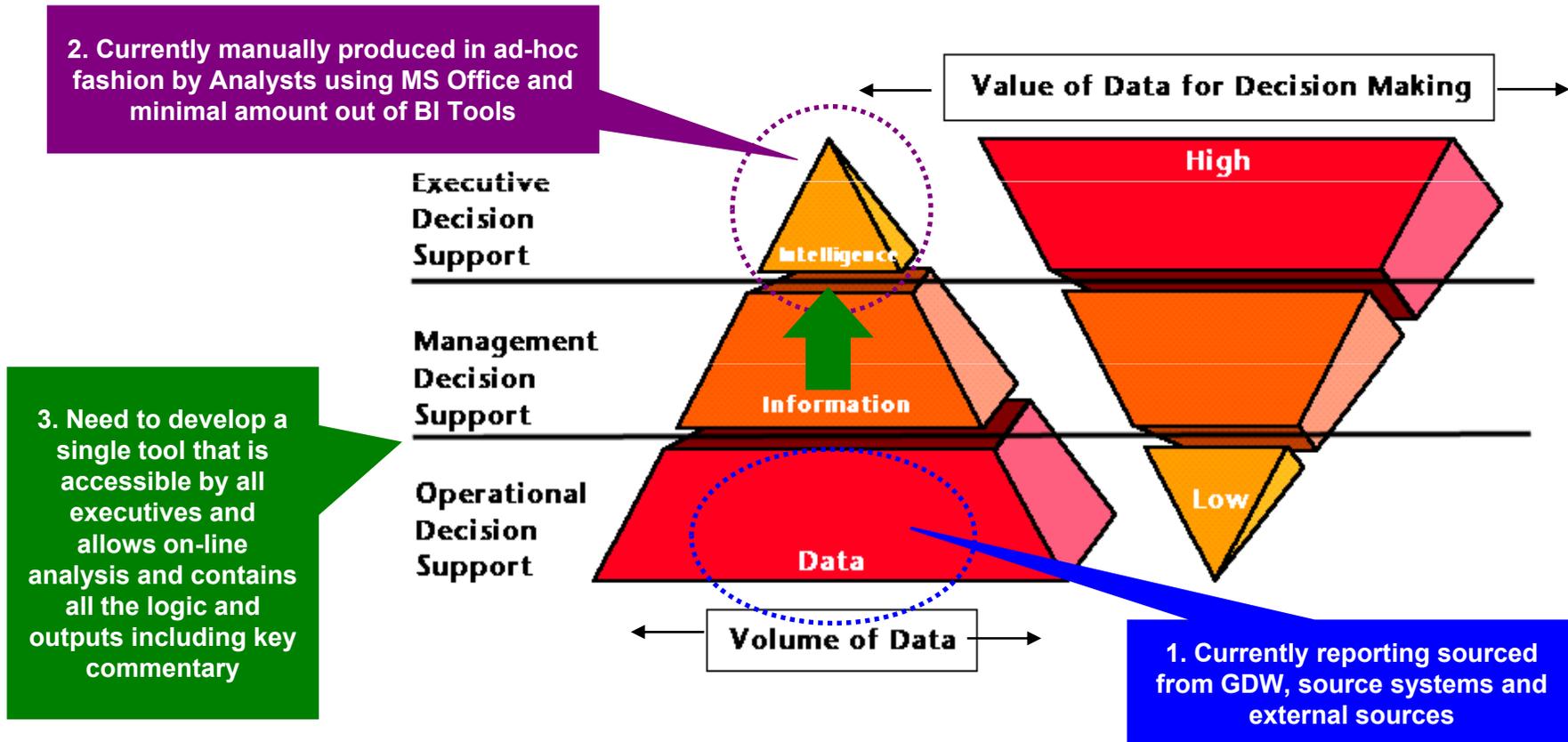
The following key lessons can be learnt in refocusing management reporting:

- Finance Management should encourage **Finance to be critical of business unit information requests** and ask the line to prioritise requests for more detailed reports to avoid ad hoc (and counterproductive) proliferation of data.
- Finance Management should **elevate only the most important metrics** to senior management - those indicators that help to surface enterprise-level opportunities or problems and bring them to the attention of executive management.
- Senior management does not require a holistic view of the business during every reporting period. For most performance pull-ups, Finance should instead configure management reports to put the **spotlight primarily on current enterprise priorities**.
- Finance Management should leverage their data expertise to **identify metrics that measure performance against enterprise priorities** and improve performance dialogue around measured results.

# Increasing Value through Executive Reporting



It has become evident in several forums that the **business requires more “intelligence” at the executive level**. There is a great opportunity to improve workflow and dashboard reporting currently duplicated across senior levels across both product & channel management.



## A Straw Poll



Please rate the value and effectiveness of reporting in your company:

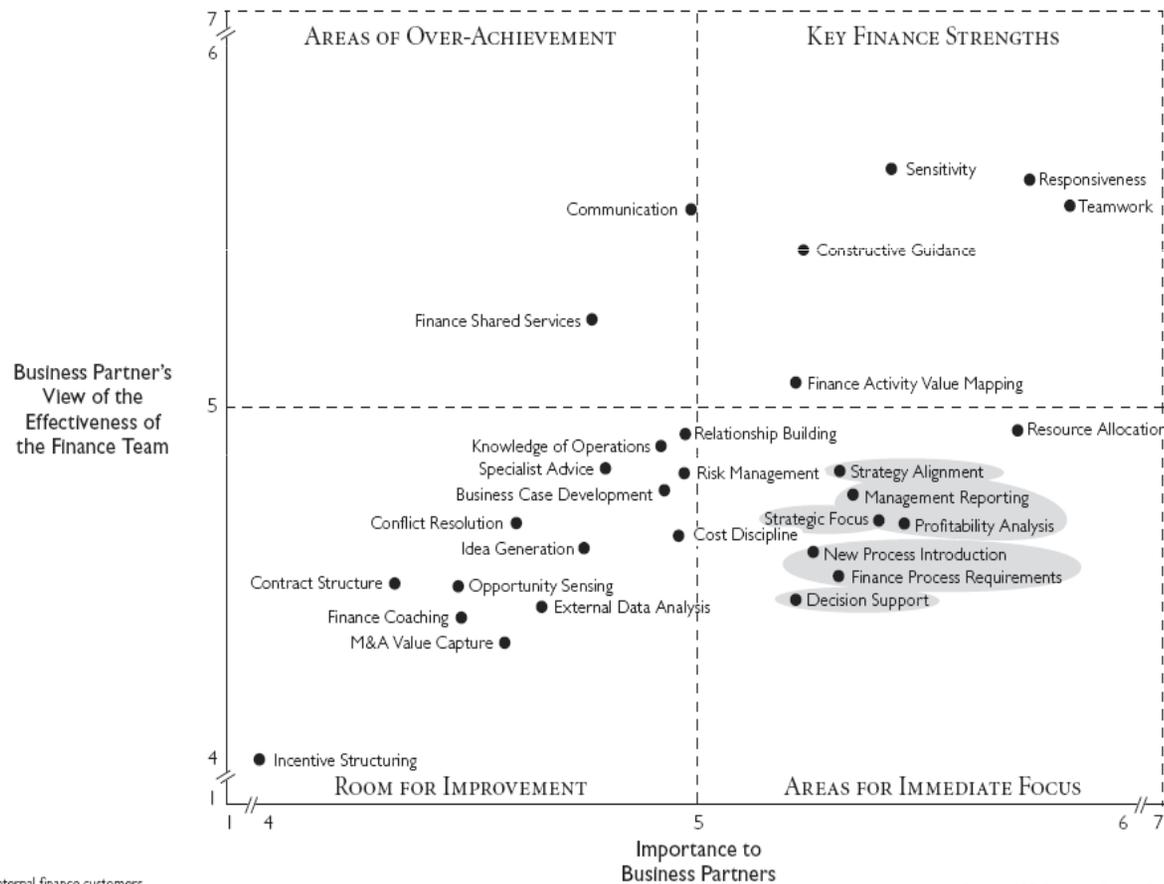
1. Area of Immediate Focus
2. Room for Improvement
3. Key Finance Strength
4. Area of Overachievement



# Business Partner Report Card

Finance's business partners reveal that Finance can improve its performance on activities core to becoming more value-added

Business Partner Evaluations of Finance  
Importance Versus Effectiveness\*



n = 2994 internal finance customers.

\* On a scale of 1-7; where 7 is most important and most effective.

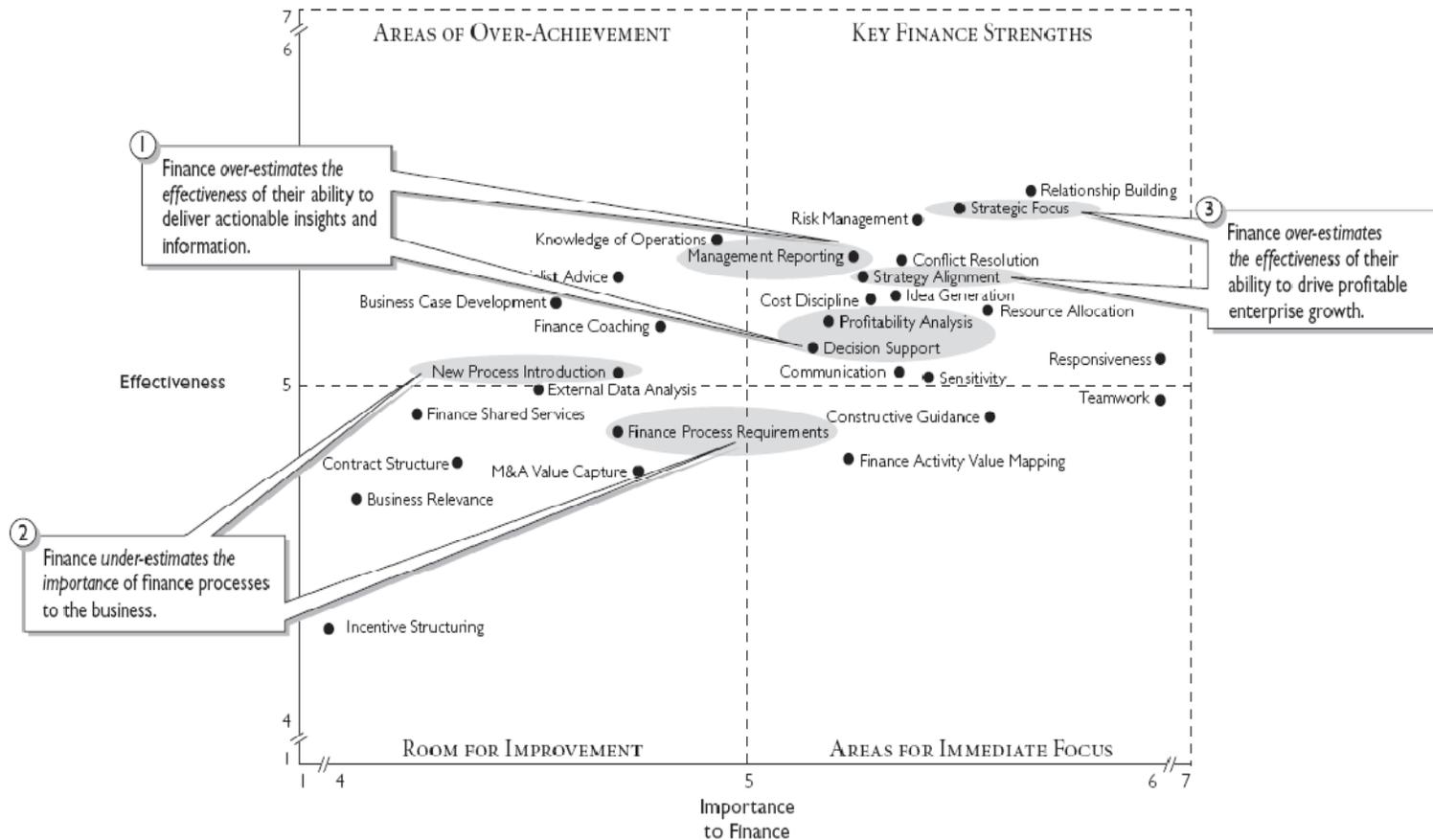
Source: CFO Executive Board's Business Alignment Tool; CFO Executive Board research.



# Finance Report Card

Finance's self-assessment reveals a more positive review of key activities that contribute to driving shareholder value

Finance Evaluations of Finance  
Importance Versus Effectiveness\*



n = 2,553 finance staff.

\* On a scale of 1-7, where 7 is most important and effective.

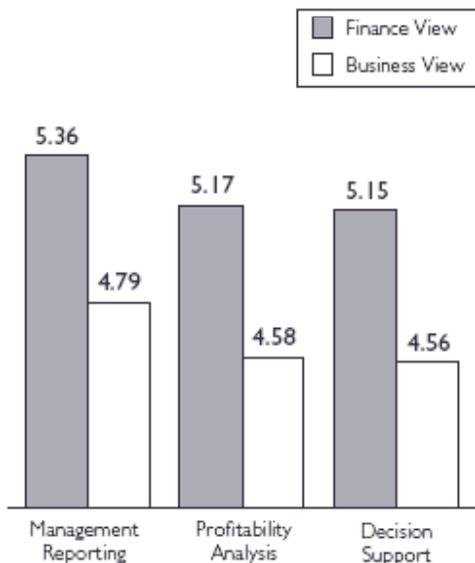
Source: CFO Executive Board's Business Alignment Tool survey; CFO Executive Board research.



# A Shared Vision?

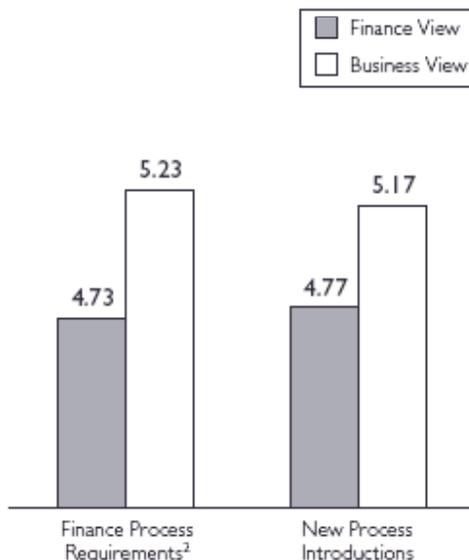
## ① Provide Accurate Insights and Information

Effectiveness of Finance\*



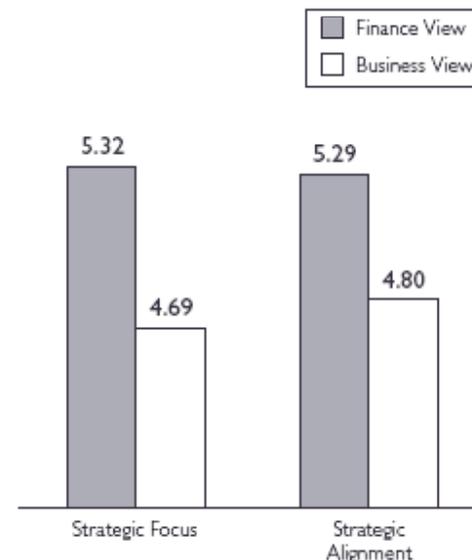
## ② Drive Finance Process Efficiency

Importance of Finance Processes<sup>2</sup>



## ③ Drive Profitable Enterprise Growth

Effectiveness of Finance\*



n = 2,553 Finance staff; 2,994 Business staff.

\* On a scale of 1-7, where 7 is most important and effective

<sup>2</sup> Reduce reporting burdens on my business unit/functional areas.

Source: CFO Executive Board research.

# A Balanced Scorecard vs Dashboard



The terms “Balanced Scorecard” and “Dashboard” have become increasingly popular as organisations discover their ability to communicate complex information visually and as more and more software packages boast versions of one or the other. The terms are sometimes used interchangeably, but there are important distinctions between a Balanced Scorecard and a Dashboard.

## Components of a True Balanced Scorecard

While both Balanced Scorecards and Dashboards display performance information, a Balanced Scorecard is a more prescriptive format; a true Balanced Scorecard should always include these components: Perspectives (groupings of high-level strategic areas), Objectives (verb-noun phrases pulled from a strategic plan), Measures (also called Metrics or Key Performance Indicators/KPIs), and Stoplight Indicators (red, yellow, or green symbols that provide an at-a-glance view of a Measure’s performance). These specific components help ensure that a Balanced Scorecard is inherently tied to the organization’s critical strategic needs.

## Dashboards – More Loosely Defined

The design of Dashboards, on the other hand, is much more open to interpretation. Most Dashboards are simply a series of graphs, charts, gauges, or other visual indicators that a user has chosen to monitor, some of which may be strategically important, but others of which may not. Even if a strategic link exists, it may not be clear to the person monitoring the Dashboard, since the Objective statements, which explain what achievement is desired, are typically not present on Dashboards.

## Bringing Balanced Scorecards & Dashboards Together

However, there are ways to ensure that Dashboards include the critical connections to strategy. Some software applications enable a business user to easily design and save their own, personalised Balanced Scorecard or Dashboard, which is an all-in-one view that contains both as well as critical graphs, gauges, and measure trend information, as shown below.

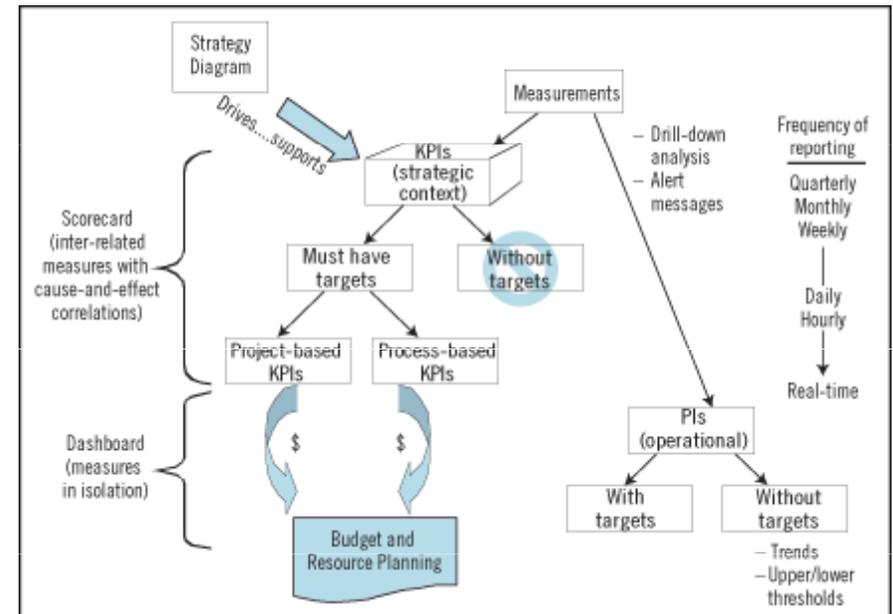
# The Difference



Scorecards and Dashboards Serve Different Purposes. The two terms – scorecards and dashboards – have a tendency to confuse, or rather get used interchangeably, but each brings a different set of capabilities. The sources of the confusion are:

- Both represent a way to track results.
- Both use traffic lights, dials, sliders and other visual aids.
- Both have targets, thresholds and alert messages.
- Both provide linkage or drill down to other metrics and reports.

The difference comes from the context in how they are applied. To provide some history, as busy executives and managers struggled to keep up with the amount of information being thrust at them, the concept of traffic lighting was applied to virtually any and all types of reporting. As technology improved, more bells and whistles were added – the ability to link to other reports and to drill down to finer levels of detail. The common denominator was the speed of being able to focus on something that required action or further investigation. The terminology evolved to reflect how technology vendors described the widgets that provided this capability – dashboards. As a consequence, both dashboard and scorecard terms are being used interchangeably. The illustration on the right highlights the difference between scorecards and dashboards using a taxonomy. Scorecards and dashboards are not contradictory; they are used for different purposes.



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**Scorecards Link the Executives' Strategy to Operations and Budget. Dashboards Move the Scorecard's Dials.**

# A Balanced Scorecard

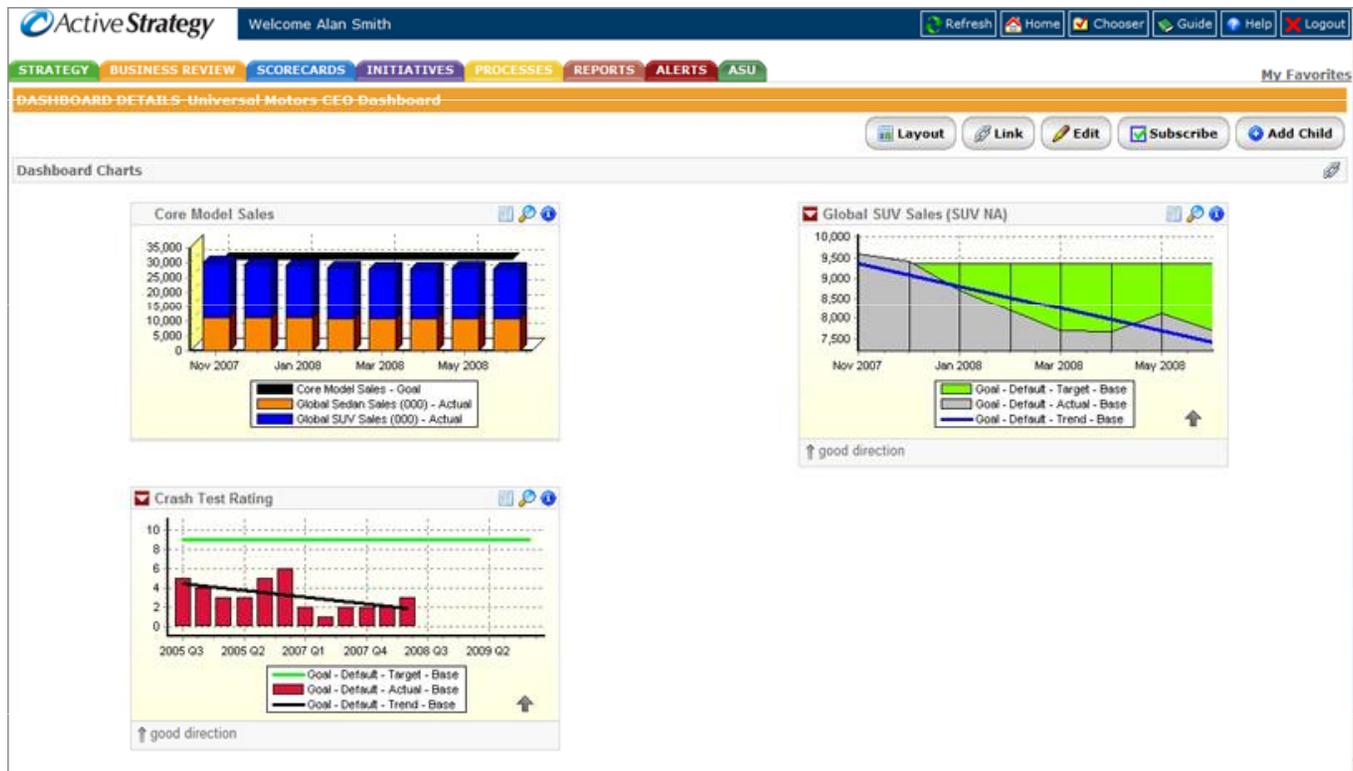


# A Dashboard



## A Simpler Dashboard View

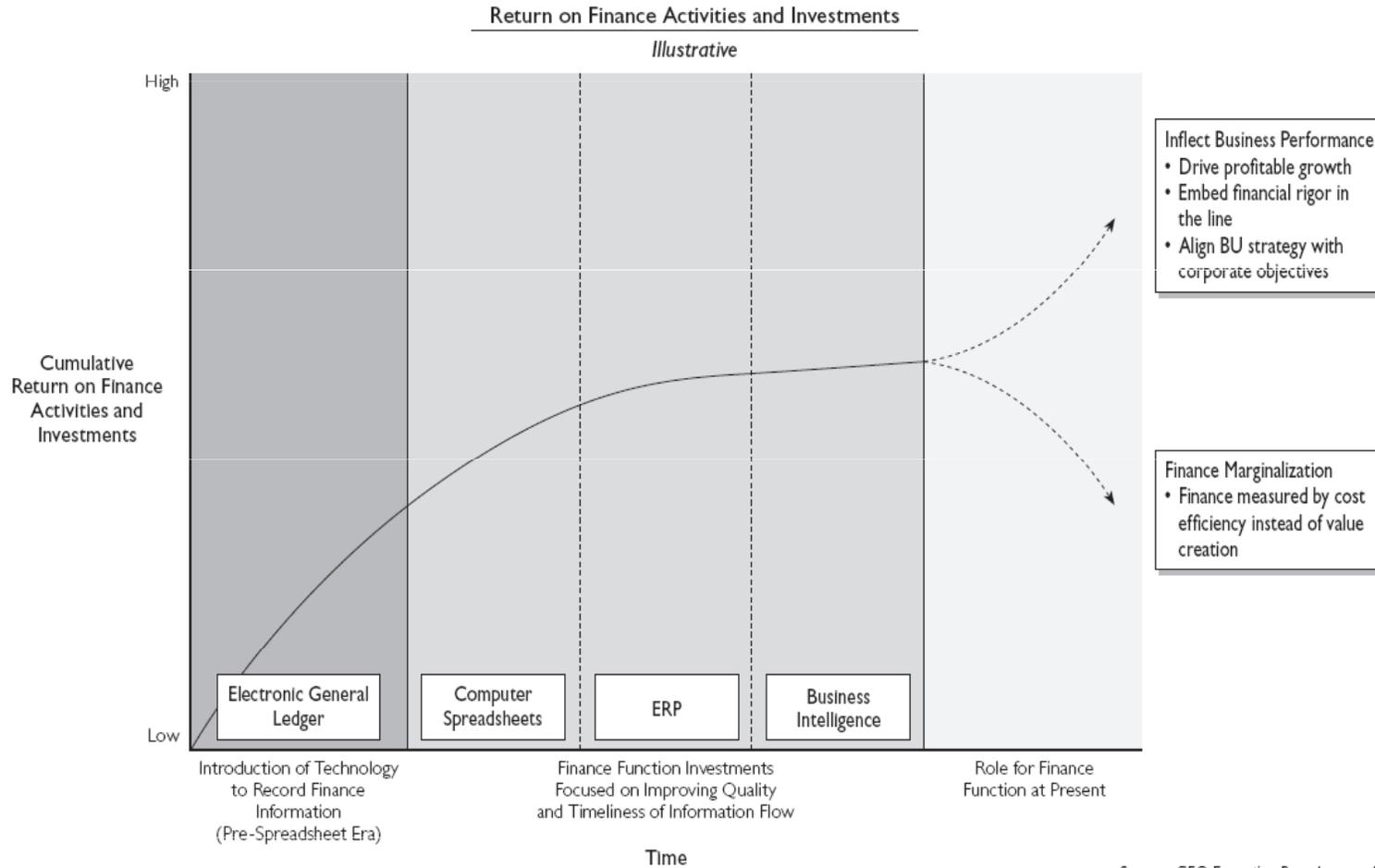
Organisations have many types of users – some may need to monitor specific metrics or KPIs closely, but do not need to view the level of strategic detail found on the Balanced Scorecard on a day-to-day basis; for them, customized Dashboard views may be designed that contain only relevant charts and graphs, as shown below. Some software applications allow these charts and graphs to be linked up to strategic objectives, so business users at various levels may drill up or down to these details when needed.



# Stuck on the Flat Part of the Curve

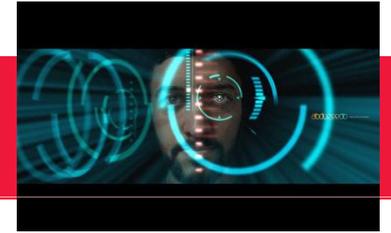


*Future investments in decision support should focus less on IT and improved information flow and more on inflecting business performance*



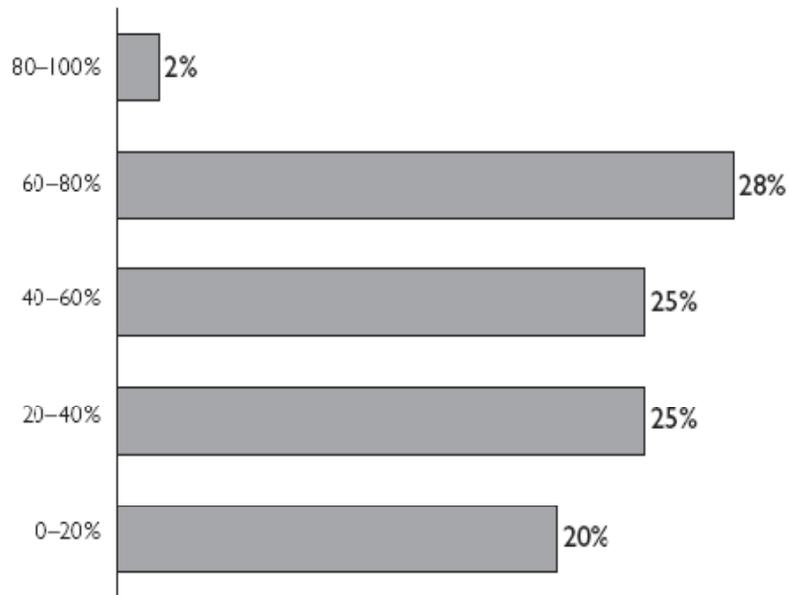
Source: CFO Executive Board research.

# Management Reporting Technology



Automation of Management Reporting Process

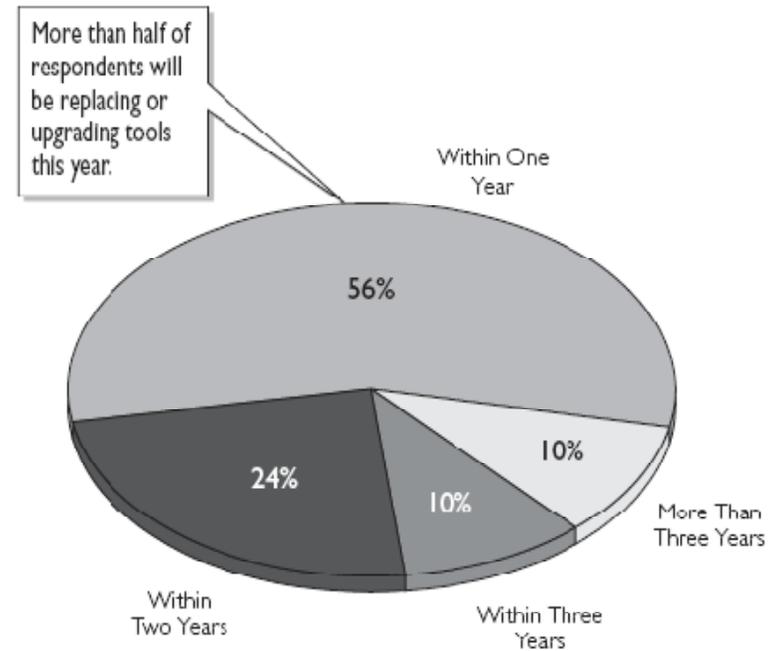
Percentage of Respondents, 2006



n = 49.

Time Horizons for Management Reporting Tool Replacements/Upgrades

Percentage of Respondents, 2006

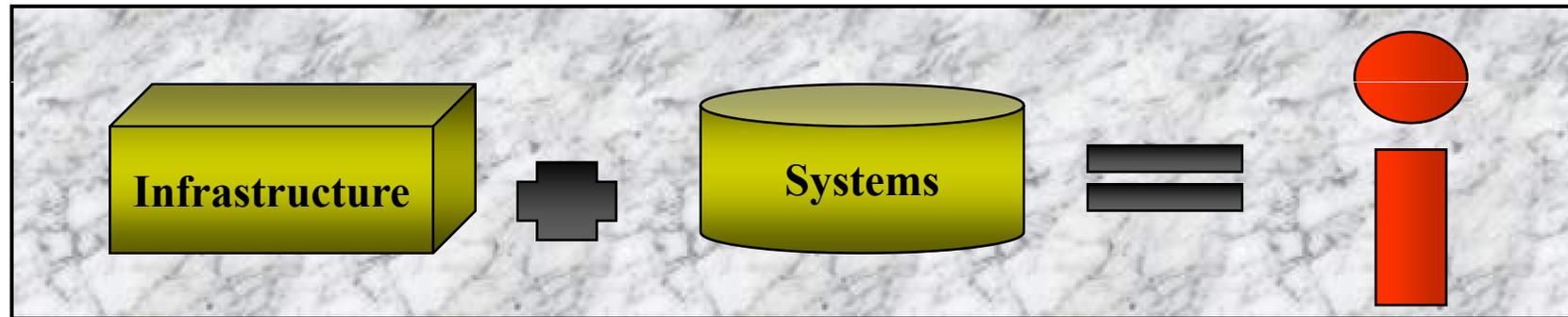
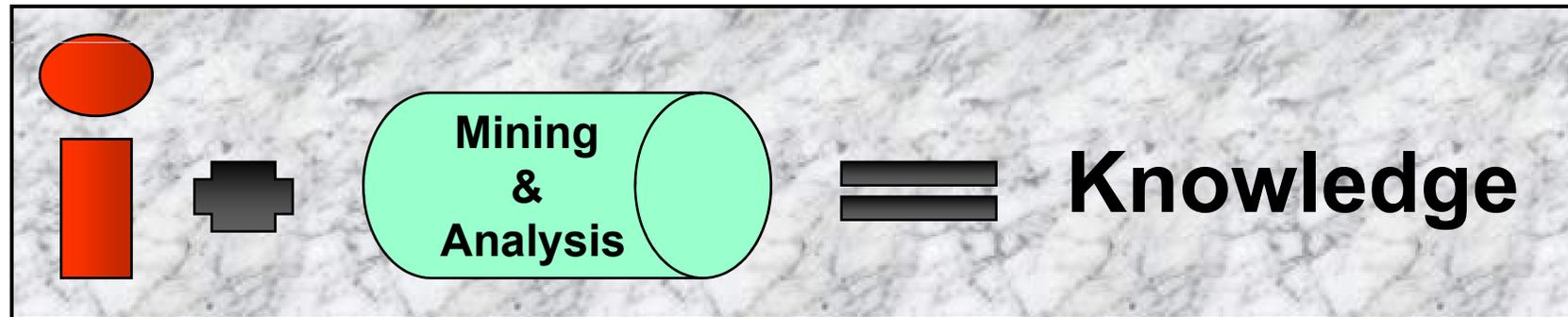


n = 50.



# Creating Knowledge

The value of information is critical to business success. Turning to knowledge is where companies harness its' power!



# 3

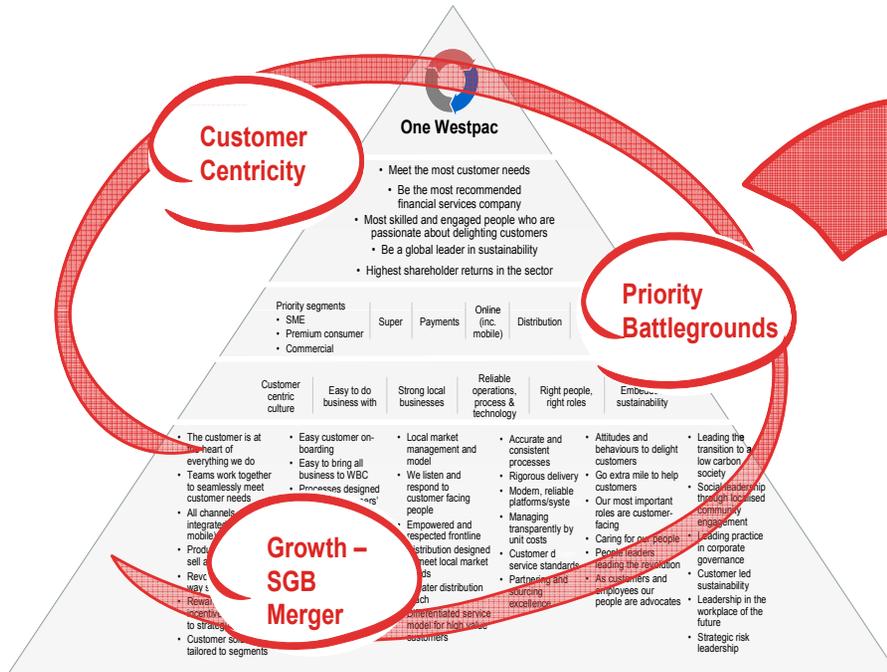
## Westpac Finance & Reporting



# Finance has a key role to play in enabling the business strategy

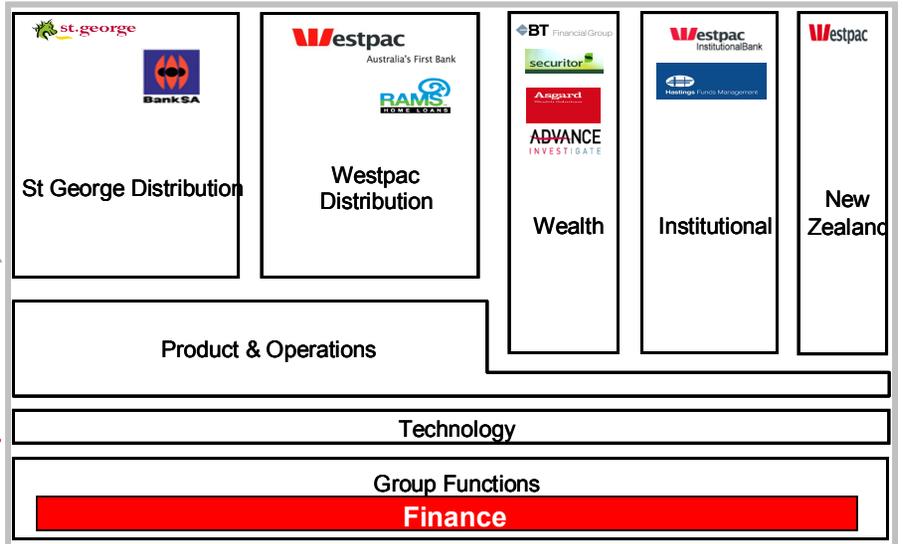


## Business Strategy



**Informs**

## Operating Model



**Enables**



# A Partnership Approach

## Finance Vision

The **Finance Vision** is to be a world class finance function that meets our business partners' goals through having:

- Top class people with the right mix of leadership, business acumen and technical skills
- A sound set of common tools, techniques and processes
- A culture which is achievement driven, co-operative and intellectually stimulating
- A commitment to shareholder value

## Finance Strategy

Dimension	Definition
<b>Advice</b>	Provide quality insights and advice to support strategic decision making
<b>Control</b>	Protect, preserve and accurately monitor the assets of the organisation
<b>Operational Excellence</b>	Balance capabilities, costs and service levels to efficiently fulfil Finance's responsibilities

## Finance Transformation Project

Finance Strategy Foundation	Stabilisation	Integration	Transformation
Establish the organisational and process <b>foundation</b> required for a leading finance function: shared service, performance management framework, data governance strategy & people development approach	Stabilise the move to the post merger organisation by establishing an <b>interim finance</b> capability to produce consolidated financial results and deliver the information required to monitor the broader transformation agenda	Create <b>one finance</b> by integrating the organisation, processes, data and systems across Westpac and St George to drive greater efficiency and effectiveness through deployment of a common finance operating model	Transform into a <b>world class finance function</b> by optimising the set of services provided by finance; leveraging technology, low cost locations and economies of scale and partnering with the business to drive value



## The approach to change is underpinned by a set of guiding principles that address the known pain points

### Finance Challenges

- **Different operating models** across the finance function limit scale and efficiency opportunities
- **Unclear end-to-end accountability** for standard services diminishes quality of Finance deliverables provided to business
- **Focus of finance is on data capture** and validation rather than value-add analysis.
- Providing **greater confidence in financial controls** will allow Finance to earn the role of “trusted advisor”
- There are **multiple sources of inconsistent data**. Information needs to be reliable, user-friendly and easily accessible
- There is a **reliance on spreadsheets** rather than systems that deliver the right information to the right people at the right time
- **Diverse processes** across business units / products often require significant manual effort
- **Planning needs to be streamlined** with greater emphasis on forecasting drivers and financial results
- Greater **expertise required in optimising processes** and driving improvements across finance and the business
- There is a need to **develop a strong achievement culture** and a “can-do” attitude

### Guiding Principles

Ensure a robust control environment

Centralise where efficiency and value can be increased

Significantly increase levels of standardisation

Continually improve process efficiency

Investigate sourcing alternatives

Develop a long-term technology capability

Build competencies and upgrade where necessary

Identify and develop talented individuals

Develop a service culture throughout Finance

Create value by participating in business decisions

# Key Reporting Deliverables



**1** Construction of a **Finance Datamart** to deliver on-line reporting

**Process**

- Develop solutions for reports or report groups
- Test and roll out
- Analyse effectiveness of solution, apply learning's to next iteration/rollout

**2** Delivery of **Reports** - expect at least 75 to 80% of existing data to be provided online

Key Financials : YTD, MTD, Plan vs Actual, PCP	
<b>GL / Finance - 63%</b>	<ul style="list-style-type: none"> <li>Expenses</li> <li>Revenue</li> <li>Expense to Income Ratio</li> <li>Balance Sheet</li> <li>Impairment Costs (Bad Debt)</li> <li>Graphs</li> <li>Commentary</li> <li>Revenue by BU</li> <li>Expenses by BU</li> <li>Balance Sheet by BU</li> <li>VCM Income</li> </ul>
Finance HR info - 4%	FTE - Core & Implied / Outstanding Leave Balance Resignation by Tenure / Resignation by appraisal rating
Finance Reporting Product / Customer / Other info 14%	Projects, Customers Online, Net Promoter Score Ratio of Products per customer (new vs existing) Delinquency rates Products per \$
Difficult / BU input required - 22%	Categories do not meet guiding principles / BU Specific KPI's External Customer Advocacy Operational Risk Dashboard Names of top sales performers / Claims experiences / Policy in force Fund Performance / Server Up time Customer Retention / Share of Wallet / Risk Adjusted Revenue

RBB, P&O & Technology next level BPR's are still to be formed. There is a key opportunity for consistency if we have the appetite!

**3** Developing a **migration path** from Cognos 7 to 8 for 2,500+ users

- 120 Current IWR's (Impromptu Web Reports) – 60% Credit Risk, 15% Finance. This module does not exist in C8. Strategy to understand business drivers and determine new reports needed in C8. Finance sourced GDW data to be included in data mart design & build
- 99 Cubes in production, 22 for Finance. Able to convert to C8 but will have same design and performance constraints in C8. Best to get data into Data Mart (in scope for Finance GDW data), next option would be to rebuild / optimise with “pick-and-drop” a last resort
- Powerplay report usage difficult to identify (could be 200+). Able to pick and drop from C7 to C8. Whilst sub-optimal as it does not leverage enhanced functionality, could suffice as interim measure

**4** Assist in the development of a **Business Intelligence Competency Centre (BICC)**

Establish appropriate set of skills, governance and change management within Finance, to enable centrally managed reporting (MI Hub) to deliver:

- Strong information management & governance process & responsibilities for Finance data (IMC)
- New cubes and finance reports to support the business

Business Minds ©

# How do we ensure success?



- Finance Leadership Team support & engagement
- Empower users with necessary skills and tools to build and support environment
- Leverage off lessons learnt from the past
- Involve all relevant staff in order to ensure acceptance
- Appropriate levels of communication and planning
- Understand how behaviours, roles and competencies need to change
- Provide necessary training and mentor structure
- Adopt the philosophy “we can always do it better!”

# What outcomes or changes should be witnessed?



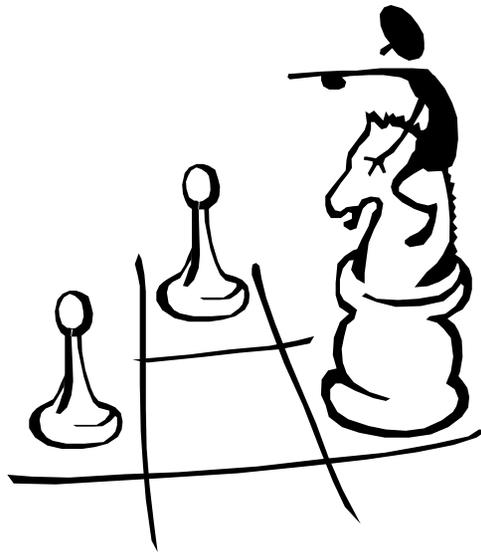
- Reduction in cycle times across reporting, planning and analysis
- Increased capability across the Finance Team
- Reduced FTE (via outsourcing or reduction)
- Reduced executive time spent on finance-related processes e.g. planning & reporting
- Streamlined reporting against a “single source of truth” (i.e. the datamart)
- More efficient processes – increased accessibility, controls and visibility of our financial information
- Increased confidence received from business, leading to increased engagement in business decisions
- Cultural change in the way we do our work!

# Project Management Approach



- High impact deliverable – 80/20 rule employed - produce key models to facilitate process and streamline process to reduce executive time spent on processes
- Establish and agrees deliverables between Finance, Technology & the Business
- High level of engagement with end users and key stakeholders at both retail and Group level to ensure alignment of Divisional and Group outcomes
- Leverage of vendors and consultants. While any degree of planning and use of skilled resources makes for a more successful implementation, the old adage of “all the knowledge in the world cannot replace experience!” applies in this case.
- Ensure key dependencies are understood and key milestones agreed
- Provision of project status reporting for presentation to the Project Steering Committee, Program Director and Key Stakeholders
- Simplify planning and modelling processes and reduce complexity
- Clearly define scope and deliverables to ensure that project is delivered on time and budget
- Leverage off Project Manager for key decisions to ensure project is moving to timetable (rather than going through committees and stakeholders)

# Why use Consultants?



While any degree of planning and use of skilled resources makes for a more successful implementation, the old adage of ***“all the knowledge in the world cannot replace experience!”*** applies in this case.

Our consultants have provided us with knowledge and experience that would have been learnt over a longer time period. Furthermore, they offer us with the opportunity to integrate what other organisations are doing with the technology, and provide us with a stronger link to the vendor.

# Desired Functionality



- Ability to perform a “top-down” and “bottom-up” planning process
- System that is quick and responsive
- Instant visibility to changes throughout level of users
- Easy system maintenance and model changes
- Be able to import/export into MS Office applications
- Process scheduling
- Web-enabled
- eMail user alerts and outputs
- Ability to add commentary and notes
- Workflow and audit trail
- Output what the high level assumptions used
- System cross-checks and system administration
- Security privileges and clear approval process

# 4

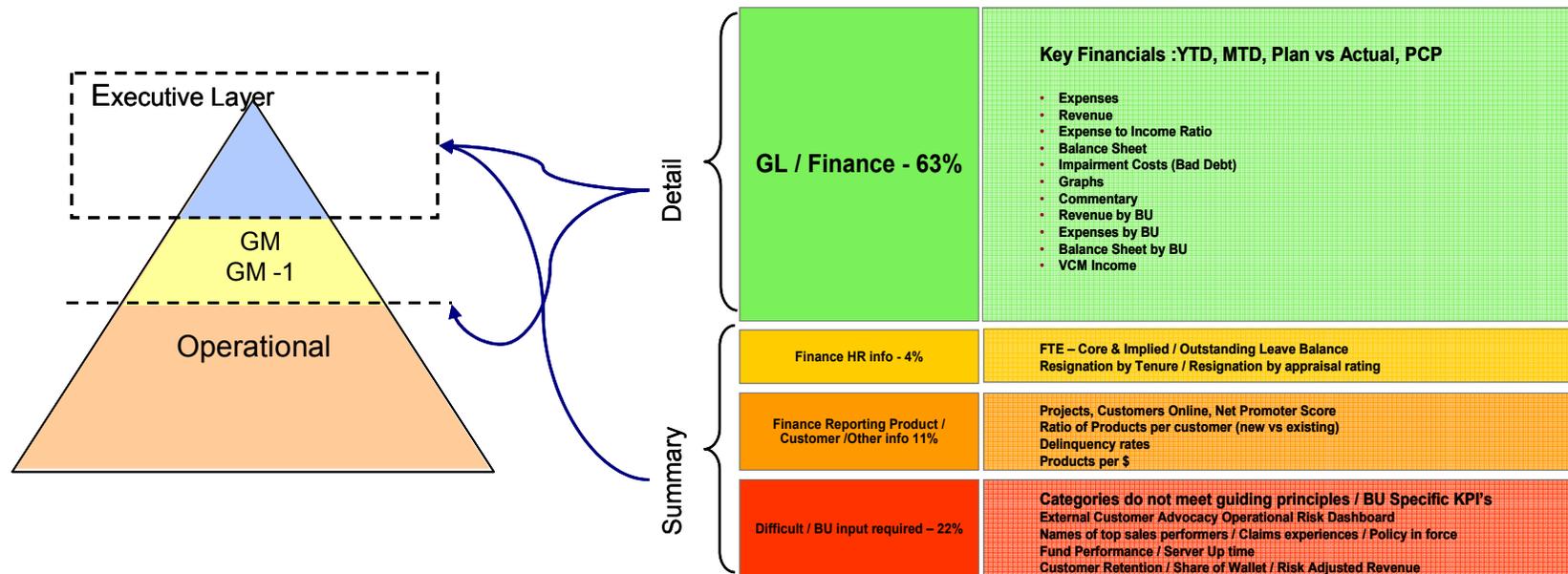
## The On-Line Reporting Journey



# Westpac Finance Reports



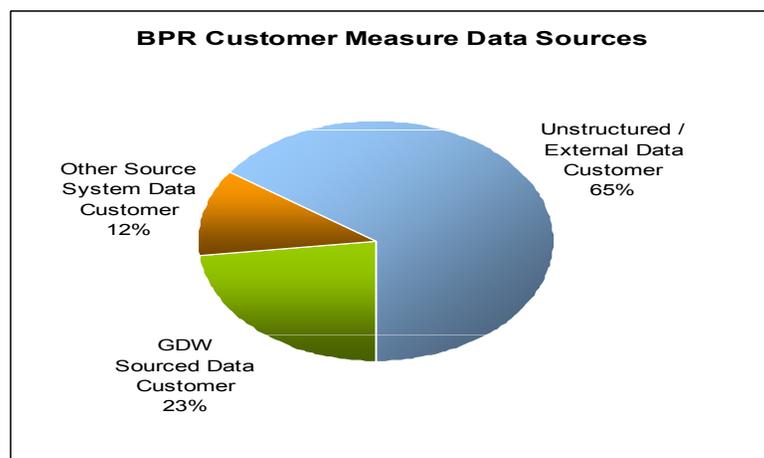
- Westpac Finance reports comprised of a number of reporting objects across multiple subject domains – finance, people, product, sales, customer, external data – marketing, Industry (ASX, Share price), Regulatory Reporting etc)
- GL data will have depth of detail to provide data down to lower levels of the Organisation (Executive down to GM-1).
- However, People, Product & Customer data will not provide detail past Executive level. This is due to the complexities of
  - 1) the majority of data residing outside the GDW,
  - 2) specific Business rules are embedded within excel / access sources



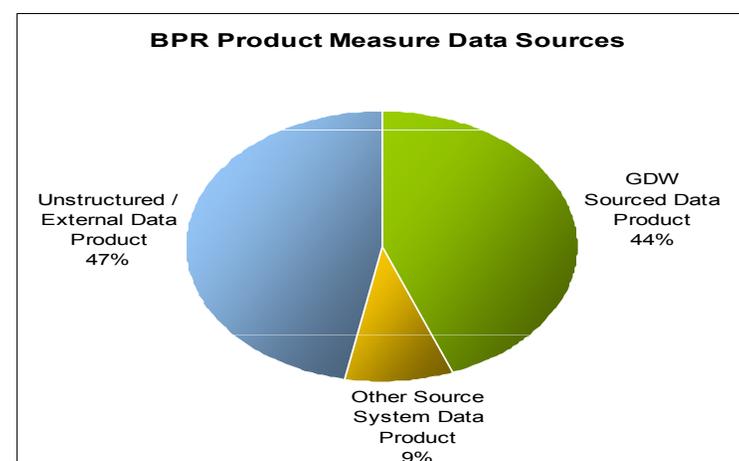


## Insight of Analysis: GDW is not the complete source of truth for Customer & Product data

- 65% of Customer data within Reports sourced from non-GDW sources
- 47% of Product data within Reports sourced from non GDW sources
- A significant amount of transformation & business logic is applied outside of GDW
- Little business confidence that the data in GDW for Product & Customer measurements is complete

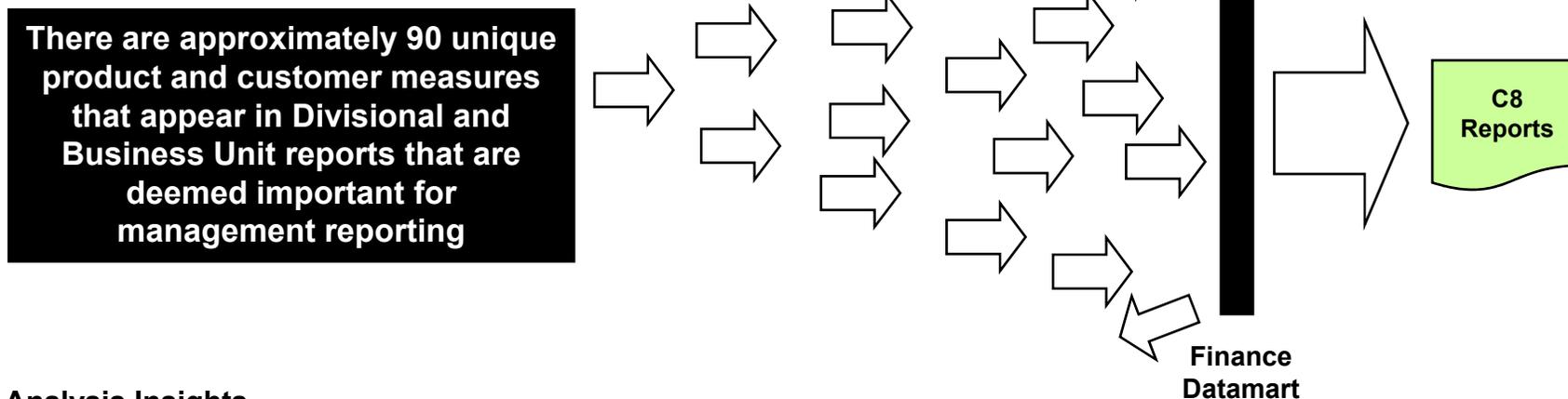


- 65% of data is sourced from Excel / Access / External data
- Examples of data residing within GDW
  - Products per Customer
  - Customer Margin
- The question is then asked how do you define a customer, how do we handle a customer with joint accounts etc



- Approx 47% of data is sourced from Excel / Access or External data
- Examples include FUM / FUA / Funds Flow, Delinquency, Portfolio Movement, Business Lending
- Note: FUM / FUA is not 100% within GDW. It requires data from CIS, Composer etc.

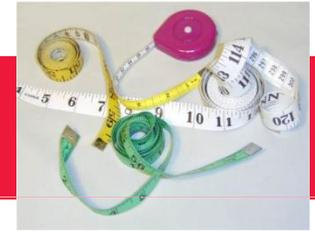
# What data is included in the Finance Datamart?



## Analysis Insights

- Only 13% of key product and customer measures are used across more than 1 division
- Multiple sources of critical data resides in custom built Excel/Access & or SQL databases supported by the business. Calculations and transformation of data is completed in excel or access databases
- There is a low level of confidence that current GDW data satisfies reporting requirements
- Lack of depth of data
- Timing of when the data is made available is not consistent across divisions
- Potential Reconciliation issues
- Some key product and customer data resides outside the GDW
- Ownership of Finance measures?
  - Example - EPS (Earnings per Share) is a finance metric.
  - Is Cost per FTE a finance or people measure?

## = Financial Management Measures Only

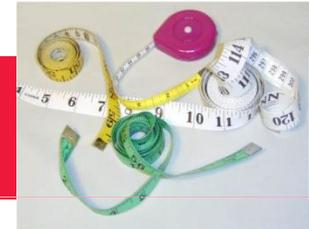


A Financial Management Measure:

1. is a key output that drives financial decision making
2. is a key indicator of financial performance
3. includes scenarios of Actual, Plan & Forecast (where available)
4. includes anything that is stored in GL
5. may be a lead or lag indicator
6. quantitative drivers only

We have also introduced the concept of “trusted” vs “non-trusted” source. In the scope of this project any data that comes directly from a source system or via a GDW is a “trusted” source. All other data is defined as “non-trusted” and includes information that may be originally sourced from GDW but manipulated or transformed within Excel or Access for example.

# Measure Classification / Filter

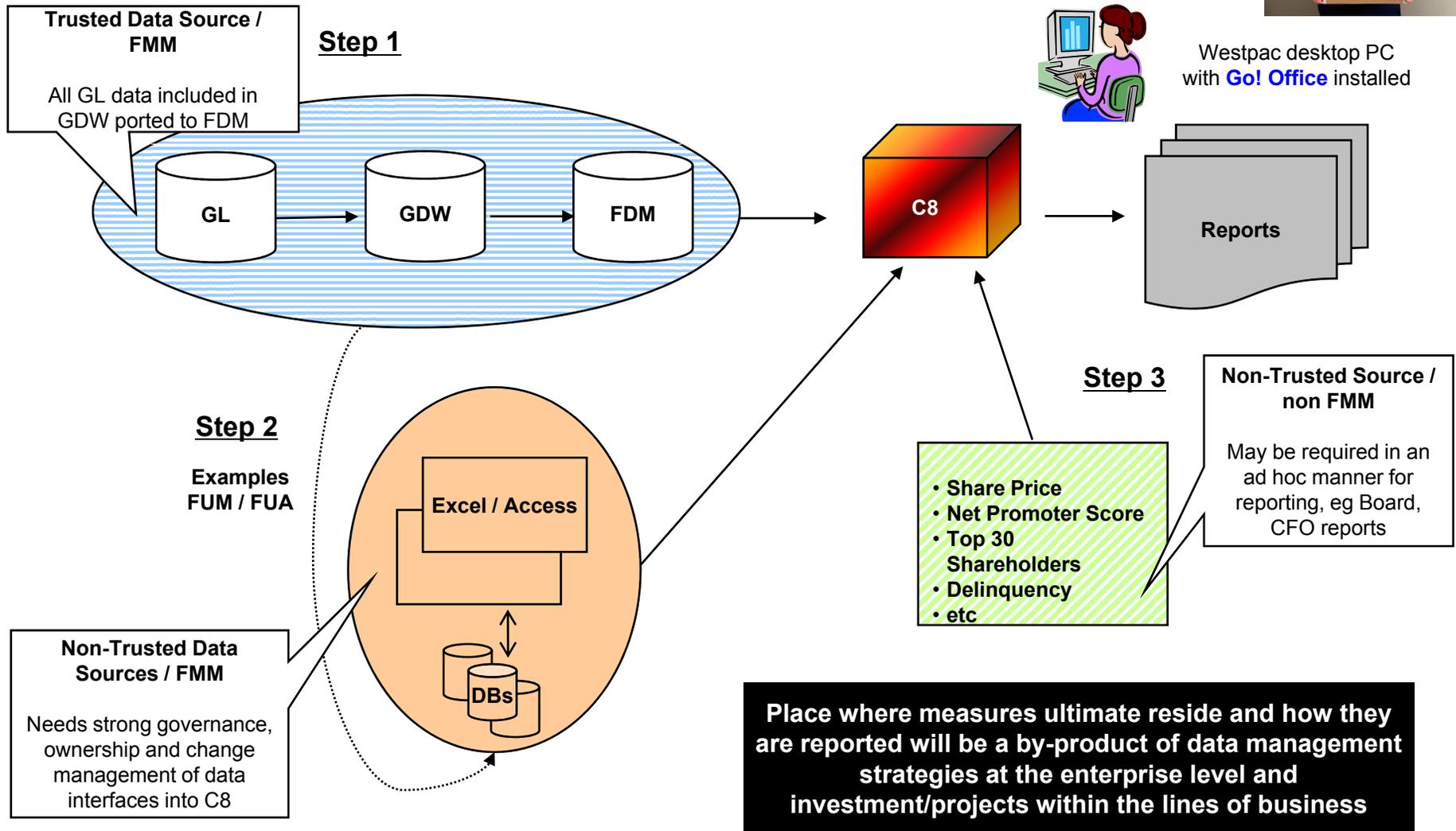


Balance Score Card – Measure Filter (illustrative)

Financial	Sales	Product	Customer	HR	Operations	External
100%	• Gross Written Premium	• FUM / FUA	• Products per Customer	• FTE	• IT Stability	• Share price / ASX
		• Delinquency	• NPS	• Resignation Rates • LTI Frequency		• Credit / Deposit market overview
		• Claims • Brand Consideration	• Customer Experience • Average Footings			

- Step 1  Financial Management Measure in Data Mart – trusted source
- Step 2  Financial Management Measure not in Data Mart – non-trusted source
- Step 3  Non Financial Mgt Measure required to complete Board / CFO Reports – non-trusted source
-  Measure excluded from current scope of reporting

# Proposed Approach to Deliver Measures



# Three Section Approach to Report Development



The Project Workgroup agreed to a 3 Section approach to Report Development:

**Section A** – Deployment of consistent set of financial objects and Financial Management Measures (FMMs) across each management layer. For GE agreed objects would be used consistently across divisions to roll-up to CFO & Board reports.

**Section B** - Deployment of business specific set of financial objects and FMMs within management layer. For GE it would include specific sets of GM-related objects and measures used to support GE level information.

*Sections A & B would include Trusted & Non-trusted Source / FMM Data*

**Section C** – Incorporation of non-C8 objects used to round out deck. This would include information outside of the Finance Datamart.

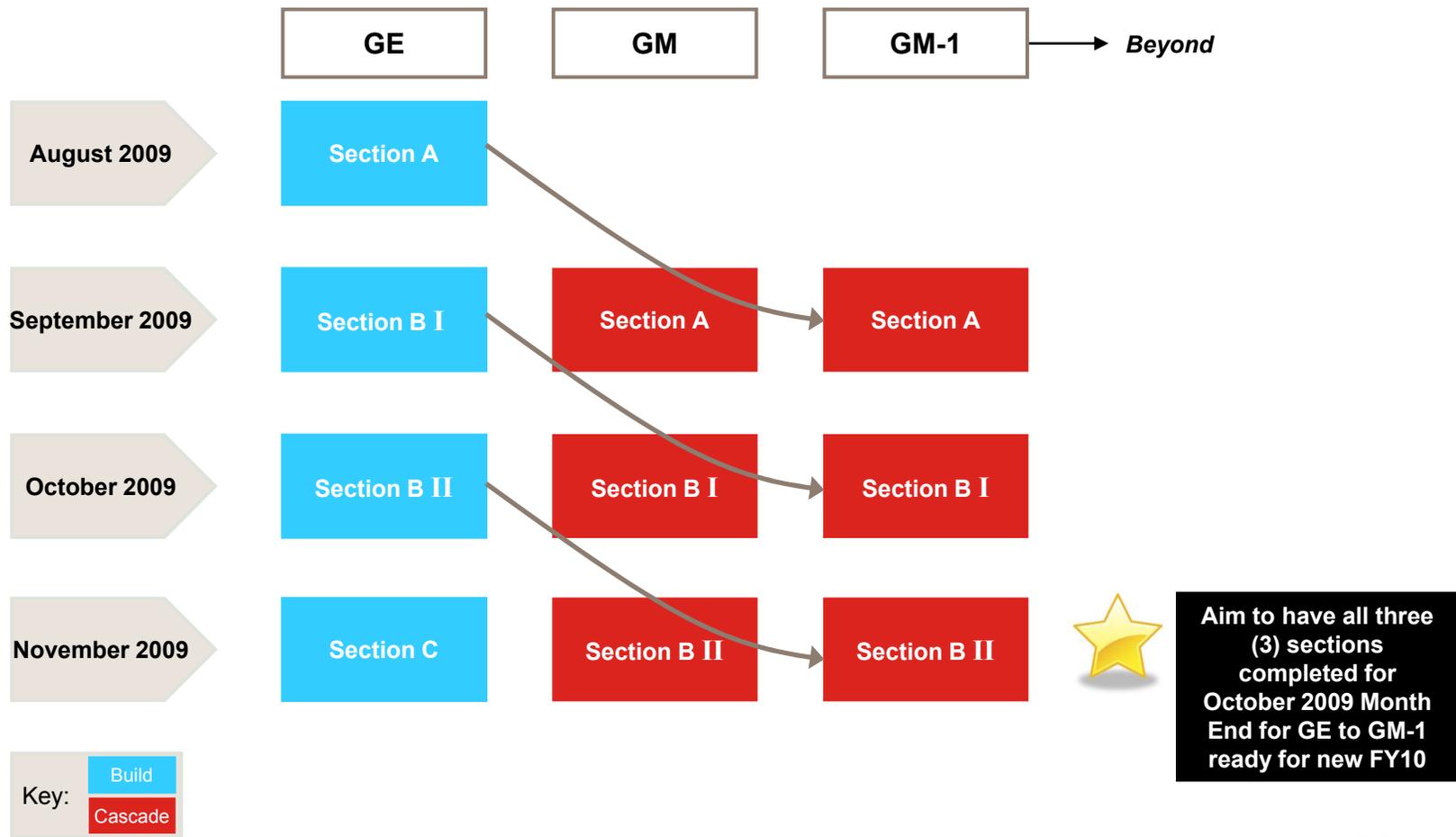
*Section C would include Non-trusted Source / non-FMM Data*

**Sum of 3 sections produces a complete report**

# Report Rollout



Taking an iterative approach to the roll-out of the reports. Enables parallel testing and time for users to become familiar and comfortable leading to the 1 Nov “Go-Live” using C8.



# Building a New Report in Westpac



The diagram below serves to illustrate the various parties inputting into the process of building of a new report – from identification of the data to publishing of the report to Cycle times would vary based on the complexity of data and reporting required. The shadings illustrate the blend of **Business vs. Technology vs. MI Hub Involvement.**



- 1 Business provides report request and understanding of where data repository resides. Business analysis and requirements documented by MI Hub
- 2 If not in Finance DM, MI Hub to analyse data source with objective of housing in EDW. Work with Data Modellers and Data Architect to extract data into EDW
- 3 New tables to be built in EDW then through to Finance DM
- 4 New report objects developed using Cognos 8 toolset and promoted via portal
- 5 SIT and UAT performed including business sign-off
- 6 Documentation and training provided
- 7 Reports released for production by MI Hub to business
- 8 Ongoing Support.

- The Business sets the need for reporting requirements**
- Technology is available business partner and enabler**
- The MI Hub Manages the data in the Datamart and delivers on-line reporting via the C8 portal**

# Using Go! Office for Publishing Reports

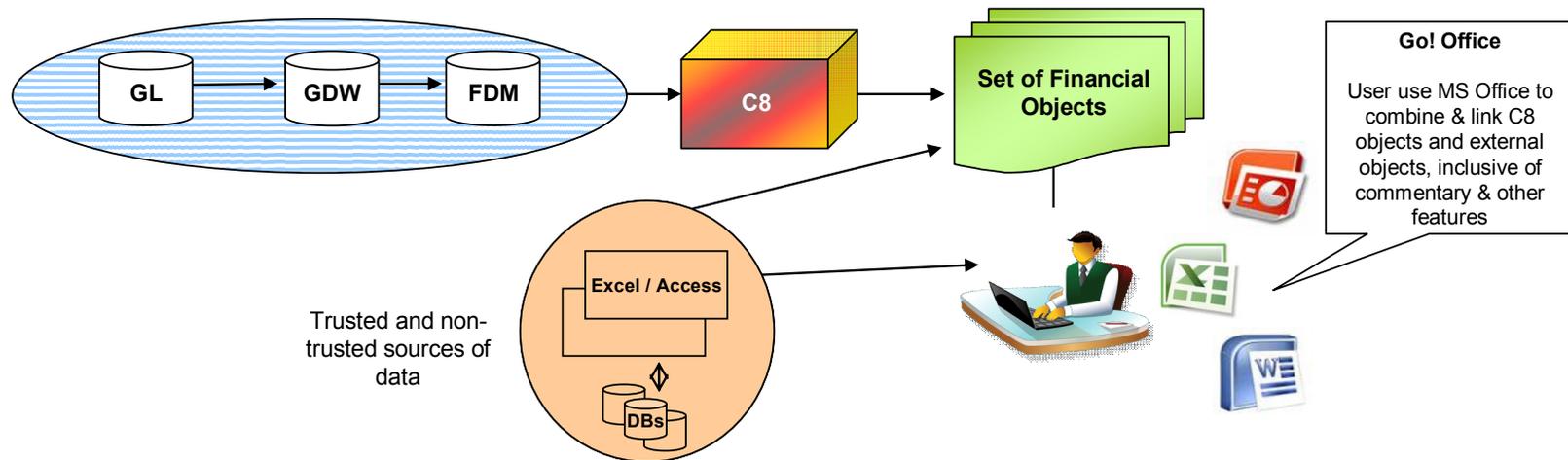


## Capability Sought

The roll-out of the Cognos 8 suite at Westpac has largely revolved around building and optimising data sets within our new Finance Datamart, and then using Cognos 8 BI tool for the development of a range of key financial objects (e.g. Profit & Loss statement, Balance Sheet, etc) for Group Executive (i.e. divisional) reporting.

Whilst C8 can produce the objects and allow us functionality via the web, leveraging Go! Office offers us the following key capabilities:

- users can produce a Word document inclusive of the financial objects. Publishing to Word enables the user to leverage the required and native functionality of Word including contents, page numbering, free form commentary, etc This format is similar to the current CFO & Board reports that the divisional reports naturally cascade upto.
- users then require porting particular objects contained within C8 or outside into Excel to allow for further manipulation of particular objects for further analysis and then subsequent publishing via the Microsoft tools.
- enables publishing of Word document to PDF for secure distribution via portal, email, intranet, etc.
- generically the Go! Office product then offers us the capability of greater information control, version control, etc.



# Key Difficulties with On-line Reporting



## What needs to change?

- Multiple formats and content of each report set (at a high level & within next level BU's)
- Non standard use of GL hierarchies – “cherry picking”. Makes consolidation very difficult in many cases impossible
- Reported BU KPI's continue to change on an ad hoc basis
- Information in the reports variable - ranging from 5 to 50 pages
- In some circumstances transactional data is included e.g. some contain screen prints of applications or sources
- Data sourced from multiple Databases (some uncontrolled), applications & external sources
- Current lack of drill through for analysis leading to lower level data provided in report rather than online
- On the upside, producers feel that there is genuine opportunity to improve current processes & standardise reports
- A key lessons learnt is that reports are changed to meet customer requests rather than customer needs

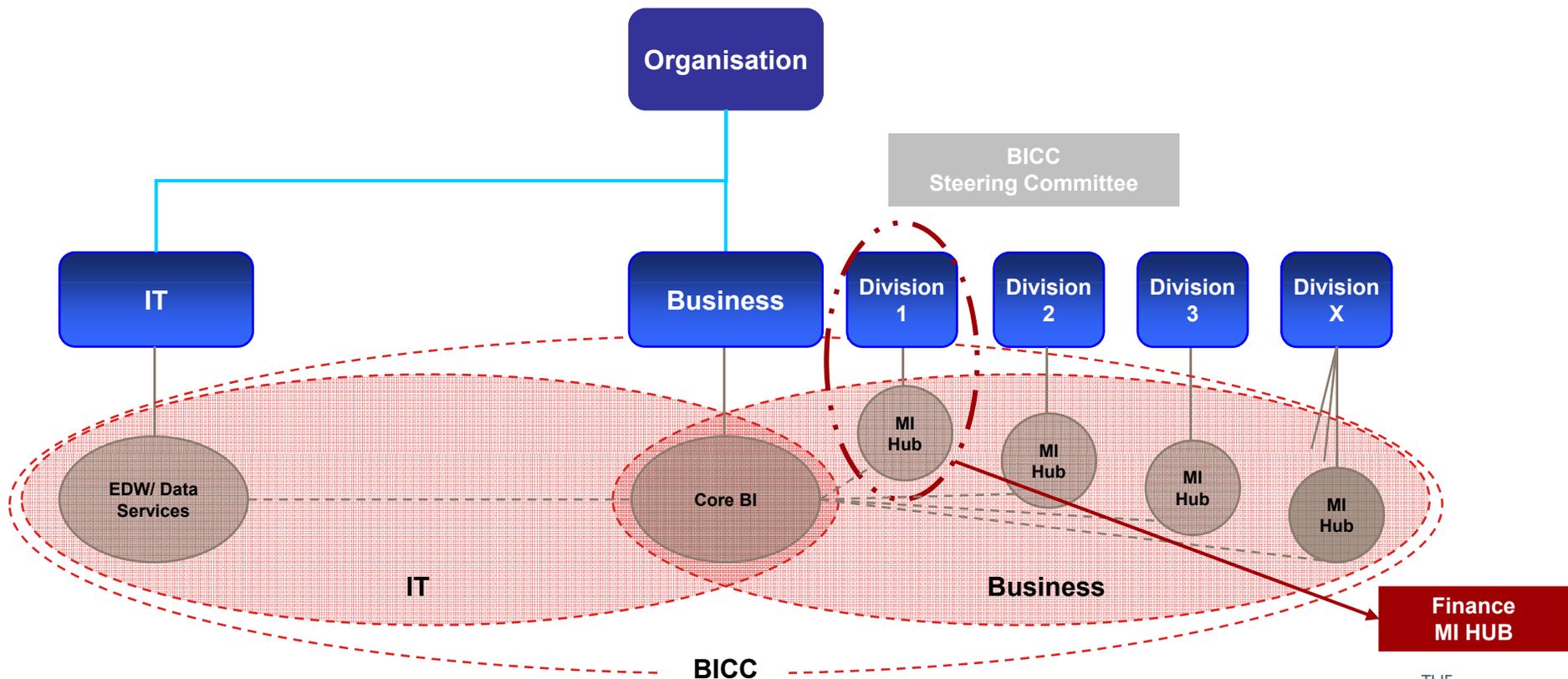
**Without the relevant Governance around reporting and change management, we would continue as we are today. There is a need for a strong 'top down' approach to ensure success**



# Building Information Governance

Technology and select business units including Finance and Risk are working together to determine the need for a central Business Intelligence Competency Centre (BICC). The BICC may operationally be supported by a core BI team within Technology.

It would be envisaged that each competency area would develop a central MI Hub (like Finance) that would work closely together within Technology and the business to develop and Manage reporting requests and provide information for analytical purposes.





# Maintaining Information Accountability

## What is an MI Hub?

Team of technical and business specialists which will drive better, faster and cheaper decision making by:

- Providing data, information and reporting to Finance customers through a consistent set of skills, standards and best practices.
- Building repeatable and robust reporting processes that are broadly applicable to the organisation rather than to single projects or requests.
- Putting reporting in the hands of those with the requisite expertise.

## Why do we need a MI Hub?

- To reduce operational risk in report production.
- To reduce the cost and time to design, develop and publish reports.
- To reduce key person risk.
- To reduce inconsistency in data and reporting.
- To maximise the efficiency, use and quality of reporting across all customer groups.
- To enable best practice reporting shared service within FBS

# Benefits of a MI Hub



Based on a recent survey performed by BetterManagement.com titled "How do you plan for Business Intelligence?", organisations that set up a BI Competency Centre or MI Hub structure see the following benefits:

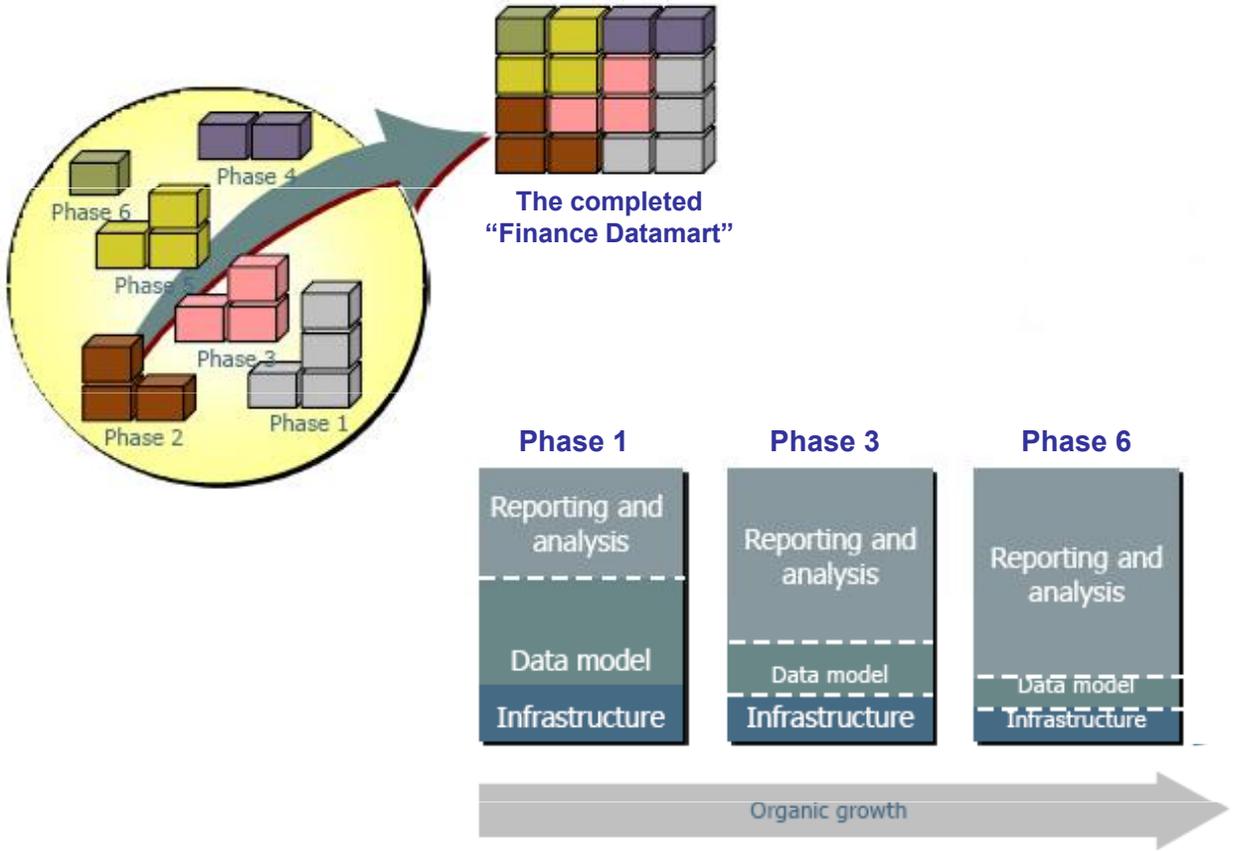
- Increased usage of business intelligence (74 percent)
- Increased business user satisfaction (48 percent)
- Better understanding of the value of BI (45 percent)
- Increased decision-making speed (45 percent)
- Decreased staff costs (26 percent)
- Decreased software costs (24 percent)

**A successful MI Hub relies on a foundation made up of the right people, the right processes, and the right technology.**



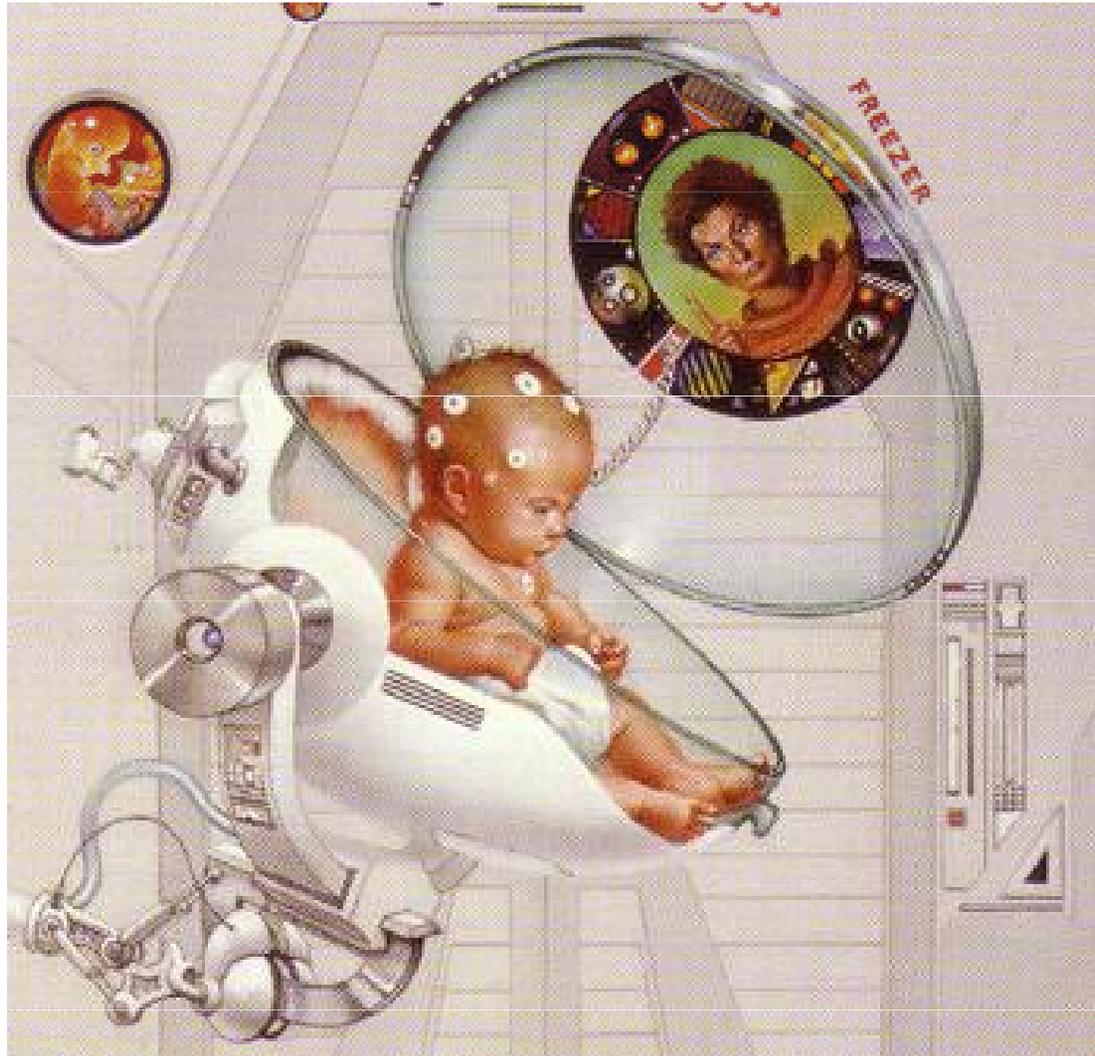
# Phased Build of an MI Hub

It is largely recommended that a phased approach to deployment is taken. Each phase aims to building incremental measures within the Finance Datamart. As the data repository is enriched and BI tool set rolled out, the focus in providing reporting and analysis increases over time.



# 5

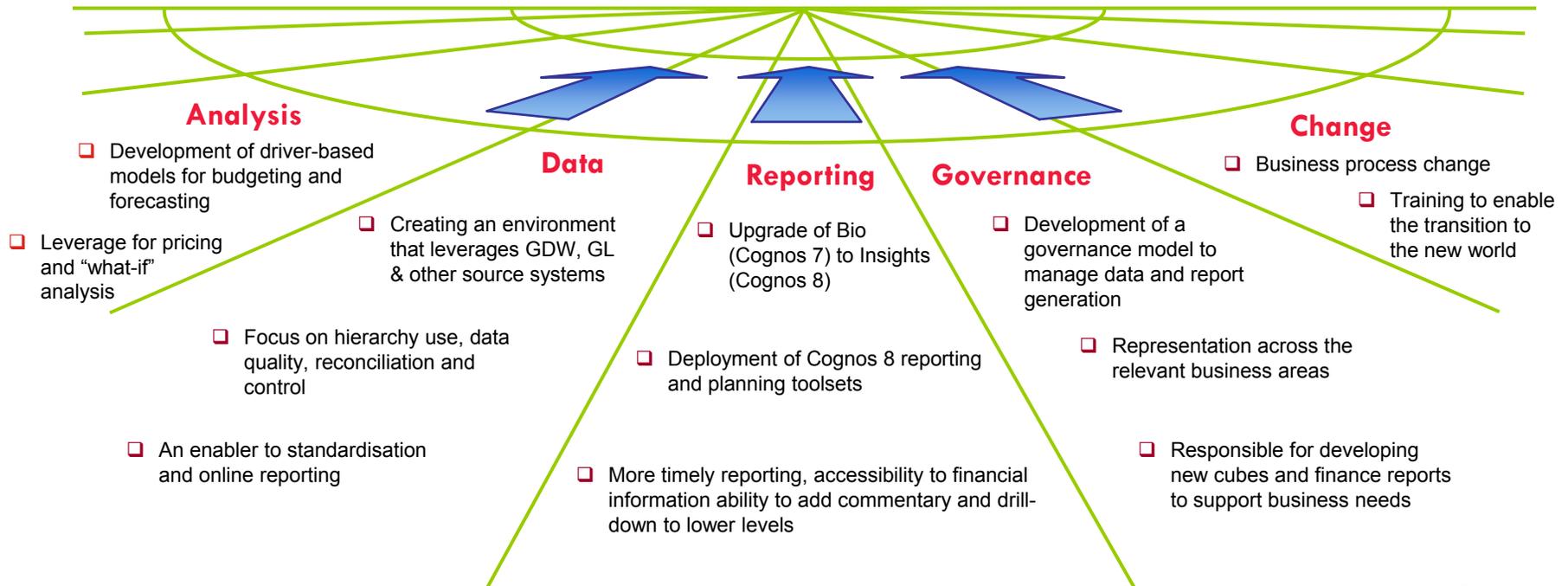
## Product Demonstration



# Web-Enabled – Westpac’s Reporting Portal



## insights one source... one truth!



# Web-Enabled – Westpac’s Reporting Portal (cont)



1

Public Folders > Master Reports & Packages > Reports > BPR Reports

Name	Modified	Actions
Balance Sheet - ASX View	28 July 2009 9:05:33 AM	More...
Balance Sheet - LOB View	15 July 2009 6:59:19 PM	More...
Balance Sheet - Product View	15 July 2009 7:14:38 PM	More...
Balance Sheet - VCM - LOB View	15 July 2009 6:38:22 PM	More...
Balance Sheet - VCM - Product View	15 July 2009 6:38:44 PM	More...
Financial Performance	23 July 2009 12:49:04 PM	More...
FTE Analysis	23 July 2009 12:49:39 PM	More...
Impairment Charges	23 July 2009 12:49:57 PM	More...
Operating Expense	23 July 2009 12:50:16 PM	More...
Operating Income - ASX View	23 July 2009 12:50:44 PM	More...
Operating Income - LOB View	23 July 2009 12:51:20 PM	More...
Operating Income - Product View	23 July 2009 12:51:37 PM	More...

3

Financial Performance - Cognos Viewer - Microsoft Internet Explorer

Report Description:

Business Centre: 197123 - Business Lending  
Set of Books: Australian (AUD)  
Months: May 2009

	Month To Date (9M)				Year To Date (9M)				Full Year (12M)						
	Actual	Plan	Var %	POP	Var %	Actual	Plan	Var %	POP	Var %	Forecast	Plan	Var %	POP	Var %
IA_Net Interest Income	0.0	0.0	LARGE	0.0	(99%)	0.0	0.0	(92%)	0.0	(101%)	0.0	0.0	11%	0.0	LARGE
IA_Net Interest Expense	0.0	0.0	LARGE	0.0	LARGE	0.0	0.0	LARGE	0.0	(88%)	0.0	0.0	11%	0.0	LARGE
IA_Tot Operating Income	0.0	0.0	LARGE	0.0	LARGE	0.0	0.0	(50%)	0.0	LARGE	0.0	0.0	11%	0.0	(115%)
Allocated Expenses	(10.0)	(10.4)	(4%)	(5.3)	92%	(80.0)	(87.0)	(9%)	(41.7)	92%	(117.7)	(120.7)	11%	(62.4)	(47%)
Equipment & Dep Expenses	0.0	0.0	3%	0.0	150%	(0.2)	(0.2)	4%	(0.1)	134%	(0.3)	(0.4)	11%	(0.2)	(57%)
Other Expenses	0.2	0.0	LARGE	0.0	LARGE	0.3	0.0	LARGE	0.7	(60%)	0.0	0.0	11%	4.0	LARGE
Reserves & Contingencies	1.1	4.2	(66%)	5.4	(73%)	81.4	89.3	(9%)	43.0	89%	119.2	132.5	11%	61.4	(49%)
Balance & Other Assets	(0.2)	(0.1)	69%	(0.3)	(40%)	(1.4)	(1.1)	24%	(1.9)	(25%)	(1.2)	(1.4)	11%	(2.9)	132%
SG&E Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses	(6.5)	(6.2)	36%	0.0	LARGE	-	0.0	(100%)	0.0	(100%)	0.0	0.0	11%	0.0	(150%)
IA_Losses on loans	0.0	-	-	0.0	(100%)	-	-	-	0.0	(15%)	-	-	-	0.0	-
IA_Underlying Profit	(8.5)	(6.2)	36%	0.0	LARGE	0.0	0.0	(100%)	0.0	(100%)	0.0	0.0	11%	0.0	(160%)
IA_Net Profit before Tax	(6.5)	(6.2)	36%	0.0	LARGE	0.0	0.0	(100%)	0.0	(100%)	0.0	0.0	11%	0.0	(150%)
Tax and Minority Interests	2.5	1.7	48%	-	(92%)	-	-	-	-	-	-	-	11%	-	LARGE
Cash adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IA_Profit	(5.0)	(4.5)	32%	32.9	(118%)	0.0	(2.1)	(100%)	253.2	(100%)	(3.0)	(3.3)	11%	992.4	LARGE
Economic Profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expense to Income Ratio (%)	LARGE	LARGE	LARGE	LARGE	LARGE	-	LARGE	173%	LARGE	LARGE	LARGE	LARGE	100%	LARGE	130%
NPM	0%	0%	LARGE	-	99%	0%	0%	LARGE	-	1%	-	-	100%	-	-
Effective Tax Rate	LARGE	(20%)	LARGE	LARGE	LARGE	LARGE	LARGE	LARGE	LARGE	(62%)	LARGE	LARGE	100%	LARGE	LARGE

2

Westpac Financial Performance Version 1

Report Description:

Select Month: May 2009

Select Required Scale:  No Scaling  \$'000s  \$Ms

Select Set of Books:  Set of Books  Consolidated View  Australian  Group Book  NZ Book

Select Business Centre: GRP/BC - Group Reporting Excluding Bank Consolidation
 

- 897999 - Australian Retail Financial Services
- 800000 - Information Technology
- 897995 - Product & Operations
  - 080500 - Chief Operating Officer
  - 187799 - P&O Consolidation & Support
  - 081250 - Product
    - 187123 - Business Lending**
    - 080850 - Consumer Finance
    - 080620 - Mortgages
    - 187400 - Transactions and Savings
    - 5GBPN0 - 5GB - Product and Operations
    - 080520 - Strategy - Execution & CIO
    - 897993 - Retail & Business Banking
    - 848000 - 5GB - Retail & Business Banking
    - 350000 - BT Financial Group
    - 000049 - Consolidation
    - 800099 - Group Business Units
    - 280000 - New Zealand Banking
    - 270000 - Pacific Banking

# Web-Enabled – Westpac’s Reporting Portal (cont)



Westpac

## Financial Performance

Version 1

**Report Description:** Financial Performance Report  
**Business Centre:** 187830 - Commercial Banking  
**Set of Books:** Book 1 - Australian (AUD\$)  
**Month:** May 2009

Clear Report DNA Information

Simple, consistently formatted reports

	Month To Date (\$'m)					Year To Date (\$'m)					Full Year (\$'m)					
	Actual	Plan	Var %	PCP	Var %	Actual	Plan	Var %	PCP	Var %	Forecast	Plan	Var %	PCP	Var %	
IA_Net Interest Income	72.9	72.0	1%	71.8	1%	596.9	571.0	5%	557.7	7%		871.5		853.1		
IA_Non Interest Income	12.1	13.3	(9%)	13.6	(11%)	97.9	107.7	(79%)	110.4	(11%)		160.9		167.0		
<b>IA_Total Operating Income</b>	<b>85.0</b>	<b>85.3</b>	<b>0%</b>	<b>85.4</b>	<b>(1%)</b>	<b>694.8</b>	<b>678.7</b>	<b>2%</b>	<b>668.1</b>	<b>4%</b>		<b>1,032.5</b>		<b>1,020.1</b>		
<b>Allocated Expenses</b>	<b>(16.5)</b>	<b>(16.7)</b>	<b>1%</b>	<b>(19.8)</b>	<b>17%</b>	<b>(156.8)</b>	<b>(163.5)</b>	<b>4%</b>	<b>(154.0)</b>	<b>(2%)</b>		<b>(242.2)</b>		<b>(224.8)</b>		
Equipment & Occupancy Expenses	(1.5)	(1.5)	2%	(0.5)	LARGE	(11.0)	(11.8)	7%	(6.4)	(72%)		(17.8)		(10.1)		
Other Expenses	(0.8)	(1.1)	25%	(2.4)	66%	(7.5)	(5.8)	(112%)	(15.8)	52%		(8.7)		(23.1)		
Recharges - IG	1.3	(0.2)	LARGE	0.0	LARGE	-	(1.4)	100%	0.2	(100%)		(2.2)		0.3		
Salaries & Other Staff Expenses	(11.0)	(12.9)	10%	(11.0)	(6%)	(84.7)	(89.1)	5%	(82.9)	(2%)		(140.4)		(127.0)		
SGR Expenses	-	-	-	-	-	-	-	-	-	-		-		-		
<b>Operating Expenses</b>	<b>(29.1)</b>	<b>(32.3)</b>	<b>10%</b>	<b>(33.6)</b>	<b>13%</b>	<b>(260.1)</b>	<b>(271.7)</b>	<b>4%</b>	<b>(258.8)</b>	<b>(1%)</b>		<b>(411.3)</b>		<b>(384.7)</b>		
IA_Losses on loans	(30.4)	(7.5)	LARGE	(11.7)	(161%)	(95.7)	(56.7)	(155%)	(98.2)	3%		(89.5)		(198.6)		
IA_Underlying Profit	55.8	53.0	5%	51.9	8%	424.6	407.0	7%	409.2	6%		621.2		635.5		
<b>IA_Net Profit before Tax</b>	<b>25.5</b>	<b>45.4</b>	<b>(44%)</b>	<b>40.2</b>	<b>(37%)</b>	<b>339.0</b>	<b>350.3</b>	<b>(84%)</b>	<b>311.0</b>	<b>9%</b>		<b>531.7</b>		<b>436.9</b>		
Tax and Minority Interests	(8.4)	(67.6)	88%	-	60%	(102.4)	(105.7)	3%	-	(5%)		-		-		
Cash Adjustments																
<b>IA_Profit</b>	<b>17.1</b>	<b>(22.2)</b>	<b>177%</b>	<b>19.5</b>	<b>(12%)</b>	<b>236.6</b>	<b>244.6</b>	<b>(106%)</b>	<b>213.8</b>	<b>11%</b>		<b>372.2</b>		<b>312.1</b>		
Economic Profit																
Expense to Income Ratio	34%	38%	LARGE	39%	LARGE	37%	40%	179%	39%	13%		40%		38%		
NIM																
Effective Tax Rate	(33%)	(149%)	(199%)	(52%)	(162%)	(30%)	(30%)	(4%)	(31%)	(59%)		(30%)		(29%)		
IA_Deposits & public borrowings	-	-	-	-	-	-	-	-	-	-		-		-		
Total Net Loans	(23.1)	85.1	(127%)	-	(155%)	(252.8)	(380.5)	34%	-	17%		-		-		
IA_Assets	(22.8)	85.1	(127%)	(10.1)	(127%)	(9.8)	(135.7)	93%	(311.3)	97%		(200.2)		(81.5)		
Funds Under Management																
Funds Under Administration																
Loans to Deposit Ratio	-	-	-	-	-	-	-	-	-	-		-		-		
Paid FTE	6	(197)	103%	(8)	170%	1,134	994	14%	300	LARGE		994		223		
<b>Report ID:</b> CRD.0003.v1 Financial Performance											<b>Date:</b> 27/07/2009 1:20:33 PM					
<b>Report Owner:</b> TBA											<b>Run By:</b> F040018					
<b>Data Source:</b> FDM_GL_Main (Cube)											<b>Data Refresh Date:</b>					
1 of ?																
<< SECURITY CLASSIFICATION >>																

Line descriptors sourced from source. Need to change in source to reflect in report

FMMs not populated greyed out to indicate that data not yet available in FDM

Report Source & Ownership Information

Versioning of report run & data including user

# What's next – A Drive to Planning



## A need for driver-based rolling forecasts for more informed decision-making.

- Companies need to put **more emphasis on planning** and less on budgeting. Companies think that they are planning when in fact they are mostly budgeting.
- Information technology plays an important role in shaping corporations' planning processes. Our research shows that a majority of companies still use spreadsheets as their main planning tool, not realising that these **spreadsheets severely limit the accuracy and effectiveness of their plans**.
- Dedicated planning software is a necessary first step to go beyond budgeting. Just buying software is not enough though - organisations that want to be more agile also **must adopt a rolling quarters planning process**, one that continuously looks ahead five or six quarters at a time.
- To do this, they must improve the efficiency and **shorten the duration of their planning process**, which is impossible to do with spreadsheets – they are too cumbersome, error-prone, and difficult to manage at a deep enough level of detail or sufficient breadth of participation to allow plans to serve as a useful management tool.
- Rapid re-planning also requires **embracing driver-based modeling**, a way of creating models that capture the key factors that drive your business. Using driver-based models focuses people on the most important determinants of how well the business performs, and enables companies to quickly reallocate resources as business conditions change.

**Budgeting is about not failing, while planning is about succeeding.**

# The Corporate Executive Board



Serves a network of more than 14,000 executives and their staff from more than 3,700 leading corporations and not-for-profit organizations around the world. The membership programs encompass all major functional areas of the large corporate and middle-market sectors including:

- Financial Services
- Human Resources
- Strategy and Management
- Sales and Marketing
- Information Technology
- Corporate Finance
- Legal and Governance
- Innovation and Operations

The Corporate Executive Board is organised as a series of standalone membership programs, each serving a distinct executive constituency and maintaining its own content archive and dedicated research and service staff. Member executives subscribe to individual research programs, as they desire, and designate staff within their organisations to benefit from direct access to its services.

Several pieces of material have been used from this source, which we greatly appreciate.

<http://www.executiveboard.com>