Better decision making:
How smart companies win with IBM Cognos performance management

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software

Abstract

Performance management enables deep business insight and strategic decision-making. IBM Cognos® performance management software unlocks data captured in operational systems to deliver enterprise planning and business intelligence—helping organizations better understand the "why" behind performance and put responsive strategies into action.

Overview

Decision-makers need to be able to quickly get a handle on the issues that influence business performance and secure the resources to deal with them efficiently and effectively. It is central to rising above the competition and securing profitability.

Unfortunately, creating this decision culture hasn't been easy. With data pouring in from disparate systems, different departments, and different divisions, IT is constantly challenged to provide a single version of the truth.

With IBM Cognos performance management, companies can create a decision culture that elevates them from the competition. It gives companies the mechanisms to achieve better business insight and enables their people to make better decisions that will improve performance and drive the business.

For IBM, providing a better decision culture drives our relationships with our customers. This paper focuses on how **Frost Bank**, **Ricoh Products UK**, **KnowledgeStorm**, **Skandia UK**, and **Molnlycke Health Care** have elevated decision-making to the next level with IBM Cognos products. These companies have also realized substantial ROI, gained new efficiencies, and created better insight.

Business problems

In addition to the issues created by data disparities and corporate information and decision-making silos, companies are further challenged by:

- The number of tools required to understand the root causes of issues (reporting and exploration).

- The need to communicate strategic initiatives or changes quickly in a way that is actionable at the line level.

- The cost of tracking progress on initiatives; this is typically done via manual processes that are difficult to audit for compliance purposes.

- The lag time between performance issues and recognition, which leads to missed quota and poor sales performance.

- Lack of accountability and ownership, which leads to poor performance measurement.

- Lack of focus on what is important, leading to a weak pipeline.

IBM Cognos performance management software delivers enterprise planning and business intelligence (BI) to help companies gain business insight and improve performance.

Business drivers

With enterprise planning, companies gain an accurate forward-looking view of the business. They create a dynamic roadmap, where goals are clearly communicated across the organization. And everyone collaborates to make better strategic and operational decisions.

With BI, companies understand their strengths and weaknesses, and measure the risks and opportunities of the marketplace. It does this by unlocking the data captured in operational systems and transforming it into useful, relevant information. BI allows organizations to understand the why behind performance and make the best decisions to put strategy into action.

Preparing for the unknown

It seems the only certainty is continued uncertainty. Is the economy picking up, or is it on a downward trend? Are we in a bear market or bull market? The numbers are coming in, but the future is anyone's call.

Whether tough times are ahead or not, smart companies are implementing performance management solutions to answer their fundamental business questions: What is our strategic direction? Is the business on track? How can we drive up profitability? Where can we gain efficiencies?

Performance management enables better decision-making and deep business insight to help them:

• Plan where the business is heading, manage progress against plan, and stay on course.

• Convey strategy and key deliverables, and assign accountability across the business.

• Analyze business information to understand what is driving trends and to spot anomalies.

• Track key business metrics and gauge the health of the organization.

• Stay on top of regulatory compliance.

• Save time and money.

The solution

How to win in an uncertain economy

"Business intelligence has emerged as a top strategic initiative and investment priority for CIOs and CxOs. This represents an increased focus on how organizations can more broadly use and analyze information to positively affect key business objectives, such as financial targets, customer retention, partner relationships and market penetration."[1]

1. Gain deep business insight
Most companies have the data to answer their business questions, but it's locked in various sources and systems— such as ERP, CRM, and general ledger. BI leverages these rich data sources and delivers an in-depth, integrated view of information to help organizations improve their understanding of the business and improve performance.

KnowledgeStorm is the Internet's top-ranked search resource for technology solutions and information, with a reputation for providing superior information to customers and staff. The company uses IBM Cognos BI to unify its huge volumes of data and make it available to both staff and customers for better, faster decision making.

IBM Cognos BI allows client services teams to quickly and easily segment customers in terms of industries, geographies, technologies, products offered, and sales status. In doing so, they have provided their client services team with the insights needed to customize sales offerings, tailor marketing campaigns, and conduct predictive analysis on pricing, popularity of new offerings, and the potential for increased lead generation. They can also conduct experiential marketing based on actual customer behavior on the site.

> *" We needed a market leader that could grow with us, but we needed to start small. Cognos' ease of deployment and fast startup gave us the foothold we needed to prove value, enhance processes, and expand our offering."*
>
> *Matt Lohman,*
> *Director of Market Research,*
> *KnowledgeStorm, Inc.*

> *"Cognos has been the solution of choice at Molnlycke Health Care from the inception of our BI initiative and throughout the evolution of our BI environment. Standardizing our reporting with Cognos allows Molnlycke to increase value, while reducing cost— delivering one version of the truth necessary for consistent and informed decision-making at all levels of our organization."*
>
> *Susan Dean, BI Manager,*
> *Molnlycke Health Care*

In terms of better information for customers, IBM Cognos BI provides KnowledgeStorm with a key business differentiator. Via a user-friendly extranet portal, the reports and analysis are provided to customers to help them make smarter purchasing decisions, provide proof and validation of the success of their offerings, uncover new opportunities for exposure, conduct peer benchmarking, and understand the value of the KnowledgeStorm service.

"Cognos allows KnowledgeStorm to be faster, more agile, and more responsive to our customers needs," says Matt Lohman, Director of Market Research at KnowledgeStorm. "Cognos is a fundamental part of our growing business."

2. Empower all employees to make better decisions

It's increasingly easy to connect different systems together. However, until you can connect people and ensure their buy-in, your efforts to improve performance will fall short. By fostering high participation—from executives to the frontline, and across functional areas and regions— you ensure broad-based, accountable, and effective decision-making.

Being a major global force in the medical market means matching the right IT solutions with the right people to increase profitability and gain a competitive edge. At **Molnlycke Health Care** (formerly Regent Medical), that solution is IBM Cognos software.

The company has implemented a BI solution that saves thousands of staff hours per year. It also provides accurate information to management, sales staff, finance professionals, and outside vendors across the globe.

> *"Cognos can justify the cost of its solution many times over with any customer simply by reducing or eliminating the paper reporting process."*
>
> *Louis Barton,*
> *Executive Vice-President,*
> *Frost Bank*

IBM Cognos BI is now used at every level of the organization — from the president, vice-president, and CFO, to sales managers, territory managers, finance professionals, and analysts. With data cubes in sales, finance, and inventory, the company can quickly view sales reports, produce profit and loss statements, analyze in-market data, conduct SG&A reporting, view travel expenses, identify trends, and engage in a host of other critical business functions.

Molnlycke can also be confident in the information they analyze, present, and share. Their meetings no longer involve debating about whose information is correct; instead, they can go straight to planning strategies and setting goals.

"Our users know that if they come to a meeting and present something from Cognos they can feel confident that the information is right," says Susan Dean, BI Manager at Molnlycke Health Care.

3. Stay agile and act quickly

"Done right, BI projects can transform business processes — and the businesses that depend on those processes — into lean, mean machines."[2]

It pays to be nimble, especially in uncertain times. Staying agile means keeping on top of business challenges today and tomorrow. Business agility is gained when you streamline management processes, respond quickly as business conditions change, and capitalize on opportunities and successes.

As the largest Texas-based bank in the state, fast delivery of intuitive, consistent business information is critical for **Frost Bank**. That's why they chose IBM Cognos BI to provide timely reports, deep analysis, and business metrics to analysts, executives, and managers through a common Web portal.

The ability to centralize, standardize, and verify information has led to significantly reduced costs and increased revenue. And it has taken less than a year for the organization to recoup its investment in IBM Cognos BI.

"Using Cognos business intelligence, we were able to identify significant opportunities which alone more than paid for our entire Cognos investment. More efficient trade reporting in the brokerage division also saves more expenses annually," says Louis Barton, Executive Vice- President at Frost Bank.

BI has allowed resources to be shifted from maintenance and administration of information to analysis and action. Overall, products reach the market sooner and the organization can now make quicker adjustments to business strategy.

Meanwhile, a management scorecard allows executives to track sales goals, data quality, and operational issues, and understand the factors that drive the business. At a glance, decision-makers can view sales trends in terms of growth and attrition.

The organization has also lowered hard-dollar expenses associated with staff, hardware, and supplies. The product management process requires less cycle time, and business issues are resolved more quickly.

4. Address compliance mandates
"Corporate performance management continues to be high on many management agendas, driven by the twin pressures of continuing compliance demands and the need to better understand and control what drives performance in the enterprise."[3]

"Organizations must formulate an information management strategy that is the foundation for managing corporate performance, enabling decision support and meeting statutory requirements."[4]

> *"The finance team is no longer bogged down with labor-intensive work. We now feel that we have an opportunity to add more value through analysis and have a greater feeling of control, as well as enhanced decision-making capabilities."*
>
> *Nur Miah,*
> *Senior Business Analyst,*
> *Ricoh UK*

Compliance has become a cost of doing business. But meeting regulatory mandates can be an opportunity both to address fundamental inefficiencies and improve performance. Addressing compliance within a performance context results in greater transparency, better organizational effectiveness, and timelier reporting. Ultimately, an investment in performance management can give your organization a true competitive advantage.

Ricoh UK's manufacturing approach, using 'Lean Thinking' and 'Continuous Improvement Principles' methodology, ensures that manufacturing processes are always measured against perfect performance. However, this vision did not fit will with the lengthy and painful manual planning processes suffered by the finance department.

The Ricoh UK Products plant production schedule is set by the sales teams, and the major focus for the finance team is on cost control to achieve optimum performance. As a result, finance has responsibility for rolling forecasts and monthly reporting to keep this on track. The team relied on unwieldy spreadsheets, which led to an inaccurate and slow process.

"Spreadsheets were not a viable planning tool; they not only wasted finance department time and effort, but also delivered misleading results," says Nur Miah, senior business analyst at Ricoh.

After Ricoh invested in the IBM Cognos enterprise planning solution, the first immediately visible benefit was the reduction in the planning cycle itself. This was reduced by 77 percent to just three weeks, lifting an immense resource burden from the finance department. Ricoh can now report monthly actual results against plans, and can publish these within seven working days at the end of every month, and so keep better track of company performance.

"It's not simply a time saving; we are able to include far more detailed information in these reports and present it in many different ways for different audiences. This just wasn't possible previously."

Ann-Louise Hancock,
Head of People Division,
Skandia UK

The implementation is also better placed to manage corporate governance demands, such as Sarbanes Oxley. Comments Miah: "For the first time, we have complete control and auditability of the process. We know who entered what data and when. With spreadsheets, the team was unable to determine if a report had been approved or who had entered the data. IBM Cognos enterprise planning ensures we have a complete audit trail."

5. Save time and money
The right information tools should drive better decisions and performance, and provide return on investment. This means bringing greater efficiencies, saving time for IT and users, and lowering costs for the organization.

IBM is the world leader in BI and performance planning software for the enterprise. With the right industry vision, innovative products, customer success, and market momentum, the company has extended the reach of its software to include over 85 percent of the Fortune 500. This success and pervasiveness is based on our ability to help customers generate real ROI.

Skandia UK is a leading provider of long-term savings with innovative solutions for investments, pensions, and protection.

For Skandia's People Division, monthly reports and statistics on headcount, absenteeism, training and turnover were taking over a week out of every month to produce, and as soon as the information was downloaded from the system it was out of date or inaccurate. The People Systems Team was overwhelmed by creating reports and scorecards and no-one had the time to analyze what these actually meant.

So the organization chose to implement IBM Cognos PowerPlay with Strata Systems' HR Analyzer, which enables point-in-time monitoring, analysis, and reporting of specific HR key performance indicators.

"We've been impressed by the results from using this technology," explains Ann-Louise Hancock, Head of People Division at Skandia UK. "Instead of spending days collecting information for reports from Microsoft® Excel® spreadsheets that are immediately out of date, our team can obtain a snapshot view of every month's key data about people and generate reports about, for example, turnover, absenteeism, performance, equal opportunities and salary costs within two hours."

There were also cost savings to be gained as a result of implementing self-service to capture absence and also having improved reporting capabilities. By being better able to monitor and report on absenteeism, and address the issues that can cause it, the average number of sick days per annum per employee was reduced from 8.3 in 2002 to 6.0 in 2005.

The team can now spend more time on new projects to streamline the administrative processes between HR and the business, in particular using self-service to devolve responsibility to employees and managers and collect data at source. This means that management information is more credible and accurate.

The technology has helped Skandia to look strategically at how the business is performing, to make informed decisions at all levels, to identify and resolve issues before they become critical, and also to plan for the future.

Conclusion

"A [business performance management] strategy supported by technology moves organizations from a historically focused, manually driven reporting process to on-demand analysis and dynamic decision support."[5]

With IBM Cognos performance management, companies can create a decision culture that elevates them from the competition. It gives them the mechanisms and the confidence to ensure their people:

- Quickly and easily understand corporate strategy.

- Reduce time to action in seizing opportunities and mitigating risk—allowing for agile responses to shifting priorities.

- Set clear accountability. This means everyone knows who is the lead person for ensuring performance stays on track.

- Track key initiatives to improve performance.

- Understand the business and their role in its success.

Better business insight and better decisions improve performance and drive the business. They allow smart companies to survive and thrive, regardless of which way the market turns.

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About IBM Cognos BI and Performance Management

IBM Cognos business intelligence (BI) and performance management solutions deliver world-leading enterprise planning, consolidation and BI software, support and services to help companies plan, understand and manage financial and operational performance. IBM Cognos solutions bring together technology, analytical applications, best practices, and a broad network of partners to give customers an open, adaptive and complete performance solution. Over 23,000 customers in more than 135 countries around the world choose IBM Cognos solutions.

For further information or to reach a representative: **www.ibm.com/cognos**

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To request a call or to ask a question, go to **www.ibm.com/cognos/contactus**. An IBM Cognos representative will respond to your enquiry within two business days.

Endnotes

1   Betsy Burton, Lee Geishecker, Kurt Schlegel, Bill Hostmann, Tom Austin, Gareth Herschel, Alex Soejarto, Nigel Rayner. *Business Intelligence Focus Shifts From Tactical to Strategic*. Gartner. May 22, 2006.

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