

## **Webcast Transcript**

### **How to Lead Your Organization on the Best Path to Performance Improvement**

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Joe Fleischer: Good morning, good afternoon, or good evening, depending on where you are located, and welcome to our one-hour Webcast titled "How to Lead Your Organization on the Best Path to Performance Improvement," brought to you by CFO Publishing and by the Webcast's sponsor, IBM. I'm Joe Fleischer, and I will be your moderator today.

Now before we begin, I would like to show you how to use the console you will be viewing during our Webcast. Now first, I would like to note that to get the most from this Webcast, we recommend that you turn off any popup blockers during the course of this event if you have not already done so. On the left side of your console, you will be able to view the slides we will present during our Webcast. You can then enlarge the view of the slides during the course of the Webcast by clicking on the Enlarged Slides button. And that's at the bottom-left area of your console.

Also, on the bottom-left area of your console, you can download the slide deck from today's Webcast by clicking on the Download Slides button. You will be able to view the slide deck as a PDF document if you have Adobe Acrobat Reader installed on your computer. For a list of answers to frequently asked technical questions, you can click on the Help button. That, too, is located on the bottom-left area of your console.

After we hear from today's guest speakers, whom I'll tell you about shortly, we'll open the floor to your questions. Now although we will dedicate time toward the end of our Webcast to addressing your questions, we do invite you to type your questions and comments at any time during our Webcast in the Ask a Question text area on the lower-right area of your console. After you type in a question or comment, you can submit it by clicking on the Submit Question button. In addition, you can view the bio of today's guest speaker (primary guest speaker) in the upper-right area of your console.

Throughout the Webcast, you will have the opportunity to respond to poll questions. In fact, there will be two during our event today. Your responses to poll questions will indeed inform our discussion during our Webcast. To respond to a poll question, you can select the choice in the slide displaying the question. And then what you can do is click on the Submit Answer button within that slide.

Now I'd like to take a moment to outline our agenda and also to tell you about our guest speaker for today's Webcast. Now joining us today will be Kathleen Wilhide, founder of Better-Insight LLC. And she is an independent industry analyst with more than 20 years of experience in the areas of finance, regulatory compliance and the

implementation of technology solutions to support business information management and process redesign initiatives. Her areas of expertise include enterprise performance management, which is the primary topic of our Webcast, as well as analytic applications that leverage business intelligence platform capabilities and, of course, governance, risk and compliance.

Kathleen is a CPA with broad business and IT experience. And she provides a unique perspective on Enterprise performance management investments to support performance management and reporting initiatives. And during this Webcast, she will provide an overview as well as outline the benefits of and describe some best practices in Enterprise Performance Management.

Now in addition, we will be hearing from Vinay Nair of IBM. And he will offer some further information about enterprise performance management. So I think you'll get some very valuable insights from this Webcast.

So at this stage, it is now my pleasure to introduce Ms. Wilhide. Please give a warm welcome to her. Thank you.

Kathleen Wilhide: Thank you, Joe. Hello, everyone. I'm happy to be here today presenting along with IBM Cognos on the topic of performance management. Obviously, Joe has gone through my background. But to give you a little bit more color, I actually have...my career has been in both the finance and technology areas for most of the time.

I'm a big believer in technology to support the whole area of performance improvement and reporting, especially after having implemented a large ERP system and still not having the performance management information that we wanted to in our company. I'm a former vice president at SAP and have worked with industry analyst firms such as IDC, et cetera. So I have a broad background here. But mostly my perspective is really from the end user. I work with a lot of end users talking about the investments that they're making in performance management and trying to help finance folks understand how to make these technology investments.

So what I'd like to do is just set the stage here. This is not new to anyone, but business models are changing. Obviously, with the economy, et cetera, the requirements for agility have increased significantly. And as you can see from the quote on the bottom, basically people...information workers are bombarded with information every day.

Obviously with social networking, communications software, et cetera, that's certainly a large part of that. But what we find is that with the implementation of transactional systems to support and optimize business processes, it's really difficult to wade through all that information and determine what information needs to be brought to the forefront in terms of decision making. And how do we get the right information to business users to make more effective decisions? So we're seeing really a move now for performance management obviously driven by finance, but moving out of the office of finance into the operational areas and more and more users having access to information and software that supports decision making and is easy enough for them to use on a regular basis.

So an overview here, this is my model for enterprise performance management, which at this point in time really has evolved into a suite of applications based upon a business intelligence foundation. And it's really important to have all of these pieces. And I'll give you a few examples as to why that is.

But just off the top, the definition of EPM right now consists of four categories of applications. Financial consolidation, which, obviously, is nothing new; but what's been really interesting over the last several years is the move from financial consolidation to be just a statutory reporting tool to being a platform for integrated statutory and management reporting. I think that's really key. And, actually, in some interviews I've done with CFOs, that's one of the biggest complaints is that there really is a disconnect between the financial statements that may be coming out of the finance and accounting department and the management reports that people are using on a regular basis.

Also, when you think about certification of financial statements, et cetera, most CFOs and controllers and CEOs are not the only ones certifying financial statements with regard to regulations such as Sarbanes-Oxley. They're asking their line management to certify those statements too. And, certainly, most line managers are not CPAs. And so they need to look at their version of the information. So more and more, it's important to look at financial consolidation as a platform and the ability to provide a structure for both statutory and management reporting on an integrated basis.

The second area, again nothing new, probably the biggest area where we see investment is in the area of planning, budgeting and forecasting. That typically to date has been an Excel-based process. And you see basically a mix of people wanting to either automate their current process at least as a starting point with regard to spreadsheets, or actually redesign those processes.

On the area Strategy Management, Key Performance Indicators, that area is maturing more and more. And I think even with the introduction of risk management coming out of the enterprise governance, risk and compliance initiatives, it's actually gaining more momentum. My perspective here is that there are applications out there that are supporting philosophies such as the balance score card, EVA, economic value-added calculations, et cetera. But a lot of companies, they really start with key performance indicators that are tied into management reporting, tied into potentially some planned or target KPIs and can be cascaded down through the levels of management so that people are looking at the appropriate measures, and then moving from that into a more sophisticated strategy management process.

And then, finally, the fourth area, which in my mind is probably the biggest...highest growth area, is the whole area of cost and profitability management. Certainly we see the general ledgers within ERP systems that have been jury-rigged to give some segment profitability information. If you are using financial consolidation from a management reporting standpoint, we see different dimensions or views to support this. But more and more, an integrated ability to cost out at the product level, at the product group level, customer even, in the areas, especially of financial services, costing out and determining the profitability of very detailed segments is part of this overall ecosystem and needs to be tied into the other pieces.

And, really, the only way to do that is to have a business intelligence platform that supports the whole area of data consistency and data quality, shared capabilities such as allocations, et cetera, and a reporting framework and a report delivery mechanism that can deliver off of this information from these applications and also, and you'll see the operational analytics area here, supplement information generated by the applications with other information that may be coming from other systems.

So that's a very high-level view. We could probably do a whole hour just on the pieces of this. But just to set the stage, an integrated performance management platform, which includes applications in BI, I think, is key.

Moving onto the next side, the EPM market. Over the last several years we've seen a real change here. And I've been involved really with looking at this market for the last ten years or so. So, certainly, we see we...at the start, when this started to really gain momentum the ERP vendors certainly had solutions that they were building. There were a broad group of standalone EPM vendors considered best-of-breed. And then there were BI vendors that focused more on data warehousing and reporting. And, certainly, there were some blend there and some vendors that blended EPM and BI in the beginning.

But, basically, with a high level of consolidation in the market over the last several years, we see the ERP vendors have bought. Some made investments in actually best-of-breed EPM and BI. And we see the specialty vendors have furthered, there's been some acquisition there, and have furthered their capabilities.

So as of right now, there's two groups of vendors that you can evaluate in terms of solutions that are out there, not that there aren't exceptions there, but generally speaking, that's where you'll hear the most noise, and that's where you'll see the most complete solutions.

But the problem here is there's also a lot of confusion in terms of how to evaluate the solutions that are out there. If you've made big investments in your ERP platform, should you be going in that direction? Is that the best way to go? Or do you want to continue and approach this from a specialty vendor or best-of-breed vendor and solution?

And, really, I think as you'll see as we move through this presentation, I think you really need to keep an open mind in terms of what your landscape looks like, what it is you're looking for and how you can maintain a high level of flexibility moving into the future because your performance management initiatives and the investments you make today will morph and change and expand over time. And you need to be ready for that as well.

So what I'd like to do now is turn it over to Joe. We have a poll question here that will give us a snapshot of where you as the audience are in your performance management endeavors. Joe.

Joe Fleischer: Well, thank you very much, Kathleen, for sharing your perspective. And we would like to take a moment, as Kathleen said, to pose the following question, which I will give you some time to respond to.

The question is, "Are you evaluating solutions from both your current ERP vendor as well as from best-of-breed vendors?" And here are the choices. And you can feel free to select one of them.

One choice is "Yes, we are considering a number of options," another choice, "Yes, we are evaluating our ERP vendors' offerings first," another choice, "Yes, we are, but we are only aligned with the solutions at our ERP vendors," in other words, our current ERP vendor offers, or, "No, we are not looking at this time."

So I would like to invite members of our audience to select one of these choices shown on this slide. And then you can feel free to click on the Submit Answer button. And let us now see how you have responded so far.

So of those of the members of the audience who have responded so far, it is clear that a majority...close to two-thirds of respondents...at this point have indicated that they are not looking at this time. If we quickly refresh our view, we see that so far that that is the response of, the predominant response. However, the next most common responses that we're seeing, again, if we refresh our view, the next most common responses are that either yes, we are considering, or yes, but we are evaluating our ERP vendors offerings first.

So I'd like to give Kathleen as well of Better-Insight as well as Vinay from IBM Cognos an opportunity to comment on these findings. Are these responses similar to what you have been seeing as well?

Kathleen Wilhide: Actually, Joe, no. I would say that a larger percentage of companies than far...a large percent of companies are evaluating performance management solutions right now. And, basically, we've determined through our research that it's one of the top three initiatives in most organizations.

So it does surprise me that organizations are not looking at this time. Of course, that could mean that they've already made an investment, or some investment, and that isn't one of the choices that we gave them here. But it doesn't surprise me at all that people are keeping an open mind in terms of the number of options, whether, yes, they may be looking at their vendors, ERP vendor solutions, but they're also looking at other options as well. So a little bit surprising, but certainly with this economy, people are at different stages. And it is January. So who knows, just getting off of evaluating 2009 results it could be impacting these results.

So what I'd like to do now is we can move onto the next slide. In terms of an EPM platform, it is...organizations that have the most success with EPM, making a strategic investment in a platform that operates independently from their transactional systems, certainly transactional systems are not designed for decision support, but for process optimization to keep the business going. And, certainly, that's extremely important. Once you've made that investment, however, there's a lot of intelligence within that information that doesn't come to the surface unless you have a more dynamic performance management and analytic platform with which to draw from that information.

You'll see here also on this slide, I'm mentioning content management documents. More than 80% of the information in any organization is what we call unstructured in the format of documents, et cetera, text, et cetera. And more and more organizations are starting to realize they need to draw some of that information as well into the whole EPM, or performance management framework.

So moving more towards, certainly right now EPM solutions today focus more on looking at transactional systems, drawing information in from those and potentially supplementing that with some unstructured information. But I think we're moving more towards a more integrated platform that makes more sense of structured and unstructured, meaning transactional and document, et cetera, textual information, bringing that together.

And certainly the benefits are much more flexible reporting and delivery. The whole area of data quality and alignment, which is probably the biggest reason why many business intelligence projects have failed in the past, but the whole area of data quality and alignment is a key area. And it's extremely important for organizations to look at things like multiple charts of accounts, to look at things like multiple customer records, multiple vendors that may be named differently in different instances of ERP systems. A lot of organizations really are embarking on master data management initiatives and improving the data quality of their information.

Putting information in a business context is key. And that, again, is what's missing from a transactional perspective, getting that strategic view and really looking at information from a more independent point of view really equals flexibility. So, again, using transactional information and correlating it, whether it's in the area of profitability, whether it's in the area of performance measures, et cetera, that really is the complement that most successful end users of EPM systems are looking for.

So in terms of where to start, basically it makes sense that organizations would start where in areas that are ripe for automation. The two areas that really represent the key starting points for organizations are either financial consolidation or budgeting.

In the financial consolidation area, it's really a big replacement market right now. There have been solutions out there for some time, those solutions somewhat outdated, not robust enough to really handle the management reporting, handle the statutory and legislative requirements like Sarbanes-Oxley. So we're seeing an increase in investment there. And, again, a large driver of that also is this integration of management reporting.

And then the other area is starting with budgeting. Obviously, these are disconnected processes, many times spreadsheet based. But what's also interesting is that once an organization successfully implements EPM technology for planning and budgeting, it tends to drive a significant increase in request for management reporting. So many times, and this is where we get back into that business intelligence platform where organizations say, "Now that we've got our budgeting and planning house in order, we are looking at expanding and making investments to improve our reporting."

But certainly...so certainly, this is where we see this evolution of business requirements, maybe driven in part by these initial investments. Or it may come from

a total different perspective. One telecommunications company that I work with, obviously profitability information is important from both a business as well as a statutory standpoint. And a key investment for them was to really start in the area of profitability.

A successful solution in this day and age must have organizational reach. And it's not just what I've already talked about, the independence of the platform or the ability to work across a disparate information architecture. But one of the key things right now is that the users of this information and the users of these capabilities is expanding.

So we're seeing even the vendors responding to this in terms of investing in ease-of-use capabilities, et cetera, to make it easier and easier for end users to use these solutions with no training, or even if in the power user area be able to set up these solutions without the involvement of IT. So that's a key area in terms of evaluation that I see as coming to the forefront and is something you should definitely keep at the front of your mind if you're evaluating EPM solutions.

And what I'd like to do now is turn it back over to Joe for another poll question regarding the use of information within your organization. Joe.

Joe Fleischer: Thank you very much, Kathleen. And so this question, as Kathleen said, has to do with to the extent to which you are disseminating information within your organization. The question is, "Is the number of users accessing analytic and performance management information the number of users increasing within your organization?"

And here are the choices. You can feel free to select one of these choices and then click on the Submit Answer button. So the choice are, "Yes, we are making a concerted effort to provide budgeting, reporting and analysis capabilities to more users." That could be one scenario.

Another scenario is, "Yes, but the complexity of solutions makes it difficult." So the previous choice does not necessarily indicate that the process is difficult, but the second choice does indicate that the process is difficult. And then, finally, a third option is, "No, we limit the use," and this is, again, analytic and performance management information, "to a smaller team and then distribute information as needed."

So these are the choices. Feel free to select the choice that corresponds to what you are doing within your organization. And now let's see how you have responded so far. So among the respondents, we see that a plurality have said, "Yes, we are making a concerted effort." And then the next most common response is, "No."

So, Kathleen, do these findings correspond to what you have seen among organizations you have worked with?

Kathleen Wilhide: Actually, yes. It's good to see that organizations, the people on this call, really are in line with the broader audience that we talk to in terms of involving more users. But to be perfectly frank, it is somewhat of a current practice to limit the use of these solutions to a smaller team and distribute information.

As I mentioned earlier, there's really almost no tolerance right now by CFOs for information that doesn't tick and tie if you will. Several versions of the truth is just not acceptable.

So right now we do see, we have actually seen some organizations pull back and actually control the reporting process more, especially in the face of legislation like Sarbanes-Oxley and, really to manage the process. But certainly that is not the straightest path to decision making. And it's going to be more and more important, especially as information becomes more dynamic, for example, people within the supply chain area to have direct access to information.

It's important for these solutions to be tailored to the end user. And a lot of the older versions of these solutions really are tailored to finance. And finance gets it. And they're really not as user-friendly.

So given the fact that many of the respondents from the former question we asked aren't looking at this time. It's really not a surprise that they're probably managing it themselves and distributing information. It probably actually correlates and makes quite a bit of sense.

Joe Fleischer: Thank you very much, Kathleen. And, Vinay, did you have any comments as well to follow up on Kathleen's thoughts?

Vinay Nair: No, that's good. I totally agree with what I see here as well.

Joe Fleischer: Thank you so much. We will now continue with a discussion of key enablers for effective Enterprise Performance Management.

Kathleen Wilhide: Okay. So, again, in terms of evaluating solutions, and if you haven't...aren't evaluating solutions, really look at these three areas in terms of what capabilities you have now and where you may need to go in the future. I talked about the user empowerment area and the ability for users to tailor their EPM system.

And, again, these three categories area really represent when we look at RFPs that are out there right now for organizations evaluating software, the highest-ranked requirements within RFPs fall into one of these three categories. So, again, the ease of use for multiple users and intuitive self-service capabilities; again, IT certainly is an important part of the picture here. But users don't really have the time to submit requirements and give them to...and give those requirements to IT and then get that information, wait for reports to be developed.

Agility, the ability to meet expanded requirements...so connecting the process of statutory and management reporting, having information that both finance and operations can draw from is key to business agility and decision support.

And then scalability...a lot of these, the areas of financial consolidation, planning and budgeting, et cetera, have in the past been done at a higher level than really makes sense. And so we're seeing organizations put these solutions in place with more details, with more transactional details that may be correlated across systems.



They may be taking a master data management approach and saying, "I've got seven instances in my ERP systems. And I've got seven charts of accounts. And I've got the giant spreadsheet as long as my arm. I'm trying to make sense of all that." So in order to do that using a technology platform, the scalability is key as well, especially when you're increasing users and especially when you're going down the path of areas such as profitability.

So best in class EPM solutions...a unified and integrated platform, process support for what I call financial governance. And financial governance is an area that I've been working on for some time where we know that finance is...drives a lot of these processes. I don't want to call them the gatekeeper because that puts us back in the dark ages, but certainly the ability to push information out to end users, but also maintain a controlled framework. Those responsibilities can really be met by this best in class EPM platform.

And then the information delivery aspect...maintaining controls over financial reporting without restricting the use of reporting tools within the organization, looking at upcoming initiatives such as XBRL and the ability to have a dynamic way to publish reports, make legislative filings. And ultimately I think this will be, XBRL will be the support for just a more dynamic analysis of information in the marketplace.

And then really looking at how you can bring information together better in a business context...a lot of the business intelligence solutions and EPM solutions out there, especially, for example, early ERP initiatives tended to draw information from that ERP system. So it gave you maybe more ability to slice and dice, but not necessarily the ability to correlate information or to use predictive analytics to see what is hidden in that information and not visible to the human eye. So, again, this is where EPM solutions are going. And this is the context for evaluating those solutions.

So selecting a vendor...keep an open mind. We've run in many cycles over the last several years. Should we look at best of breed? Should we try and control our costs and align with one vendor? And what we find is that that really doesn't wind up being sort of a cost control initiative because it's most important to meet the needs of the business and to meet the needs of the end users and to expand the solutions to as many end users that are involved in the decision cycle. That really, at the end of the day, is the optimum cost solution.

The EPM vendors that you look at should have a solid strategy for managing end-to-end information integration. The whole area of data quality, don't underestimate it because that's where a lot of these solutions fail.

Purpose built versus acquired...certainly, there are good solutions out there that have been built from the bottom up. And there are some good things being done with solutions that have been acquired. But certainly vendors that have been focusing on their solution from the bottom up may be ahead of the curve in terms of integration and data quality than solutions maybe that have been acquired more recently. And they're still sort of flushing out that integration roadmap.

So why EPM? As I mentioned earlier, and again, it seems that there might be this is good insight for those of you on the call. The whole area of EPM is high on the business

agenda. Time and time again, whether we interview CIOs, whether we interview CFOs, it comes up time and time again. And there's a lot of evaluation there. And it's really part of this putting information to work for the organization.

So really, the best recommendation I can give you is to look at the processes that you have in place today, where technology can make a difference. Are you using spreadsheets to knit together management reporting processes? Are you having to manipulate many views of the same information and push that out to operational personnel. If any of those things are true, it may be time for you to look at investing in technology to support the process which will give you a higher return in the long run.

So with that, I just want to leave you with three messages. Align your IT investments with your business drivers. Make investments to take advantage of technical and business evolution.

So, again, as I mentioned things like replacing consolidation systems, et cetera, we've seen a huge jump in that over the last several years. And choose a strategic vendor that can deliver for both your requirements in today. And that is important. You don't want to sacrifice your requirements today for the future, but certainly, you want to feel comfortable you're making an investment on both fronts.

So with that, you see my contact information here. I'd love to hear from you as end users. And I'd like to turn this over now to the Vinay Nair from IBM who's going to talk to you just a little bit about the IBM Cognos solutions and where you can get more information. Vinay.

Vinay Nair: Thanks, Kathy. And I appreciate everyone taking the time to come here today.

I'm not going to spend a lot of time reiterating some of the key points in Kathy's presentation. When we first heard some of her view points, we really felt that it was important to share some of those messages with the broader audience so that they really are able to take advantage of that insight when they're evaluating their EPM strategy.

But some of the key points that she drives home, focusing on business user requirements and drivers and objectives. I mean, it sounds very elementary. But it's often something that's very often overlooked, especially in light of a lot of the IT standardization and consolidation initiatives that are happening within organizations today.

Often, the needs of the finance user, the people who are actually using the system, are often overlooked. And so we can't stress the importance of some of the advice more strongly.

Another point in terms of looking for the solution or strategic vendor that's able to provide for your needs now, whether it be your EPM needs now, but also in the future, say, for example, if you have requirements for ERP reporting now, but in the future, you want to go into predictive analytics or content analytics or into other more broader,

more advanced analytical areas, you need to make sure that you're aligned with a vendor that's going to be able to provide the innovation for you.

So at IBM Cognos, what we strive to provide is that we provide that complete end-to-end BI and EPM platform. So if you remember the slide that she presented earlier in the presentation about all the capabilities, whether it be planning, budgeting, forecasting, consolidation or cost and profitability management or even strategy management and even how important that is to connect to the BI infrastructure, we provide that complete end-to-end BI and EPM platform that provides all those capabilities you would need, at the same time continually evolving by providing predictive analytics and content analytics and all these type of new innovations. So regardless of your investments in your application infrastructure we provide that independent platform which is often...I recommend that's the best way to go.

But you don't have to take my word for it. One of the things that we encourage many of our customers to do is to really hear from other customers that have actually implemented these solutions. And so we've put up a lot of resources to make you understand some other customers that have had similar requirements as yours.

And so we have...if you look at the slide here on the second link, Customer Case Studies, we have some big brand name companies that you would recognize, such as Nike, FirstEnergy, Tellabs, who have actually come on record and talked about how they've been able to leverage their investments in SAP and Oracle, what have you, with an independent Cognos platform and the success that they have had as a result of that. So I encourage you to check out the link that I have here, [www.ibm.com/cognos/sap-webinars](http://www.ibm.com/cognos/sap-webinars), to kind of get a customer viewpoint.

For those of you who would like to evaluate an independent platform application, independent platform like Cognos, but need some justification to talk to your IT department with, I'll direct you to the first link. Sorry to kind of skip around here a little bit, but the first link which has a lot of resources that justify the reason why you need to be looking just beyond your ERP vendor, but also to other providers as well, especially if you're an SAP customer because there's a lot of investment there. And, really, our solutions are looking to embrace, enhance and extend those investments in SAP.

But when you're ready to take it to the next level and actually have those customer dialogues with other peers of your own who have implemented Cognos, I encourage you to attend one of our finance form events. These are very valuable events. And they're all across the continent, all across North America at a city near you.

And if you look at the third link there, you could register for one of the events in a city close by to you. And it's completely free. You don't have to pay for the registration. But the value of these events is that you get to actually hear it from customers' mouths. You get to talk to them after the presentation and ask specific questions and get that advice you need from other customers, but more importantly, talk to other IBM executives and really understand the commitment that IBM has made to this space and really get that one-on-one interaction that's so valuable in your evaluation process.

So I encourage you to check out these resources. I encourage you to attend a finance forum. And I look forward to seeing you at one of these events.

At this point, I'll just pass it back to Joe.

Joe Fleischer: Thank you very much, Vinay. And thank you very much as well, Kathleen, for sharing your insights into Enterprise Performance Management.

Now what I would like to do is open the floor to your questions because I see we had a number of questions from our audience. And these reflect the information that, Kathleen, you have shared and, of course, Vinay, that you have shared as well.

So one question that I want to address from our audience, and this has to do with the question of integrating projections for management goals versus projections for other constituencies such as bankers and investors. So, Kathleen, would you say that this is something that we can address at least in connection with this particular topic of Enterprise Performance Management, especially given how one would define, might define, performance, again, addressing the integration of projections for management goals versus projections for bankers and investors?

Kathleen Wilhide: Well I think here, and this gets to the whole area of financial transparency as well as kind of statutory versus management reporting. I think having a non-integrated view of what is made publicly available versus the reporting that's done internally, certainly makes it more and more difficult to be transparent in terms of for the investment community. Obviously, the requirements for being more transparent they're increasing all the time. And I think that from what I can see EPM investments are made to support being more transparent and having more comfort.

I think also, and we see whether we look at upcoming risk management evaluations by Standard & Poor's, et cetera, we're looking at organizations more and more making this information available publicly, potentially driven by XBRL and even more recent initiatives around risk factors coming under that taxonomy.

So certainly, I think from what I've seen, yes, it's a requirement of vendors. I would say it's not...I mean, a requirement that I see from end users. I wouldn't say it's solidified yet. I...typically, they typically just use their website or internet portal to make some of that information available. But I think the requirements are going to increase. And I think that the vendors are very aware of the fact that this is one of the drivers for an EPM solution and are looking at it from that perspective.

Joe Fleischer: Thank you very much, Kathleen. Another question, and this question is reflecting something you had mentioned earlier, which is if transactional systems are the basis of a business intelligence, then what would you say are the best practices that ensure consistent, reliable and complete data capture across a worldwide enterprise?

Kathleen Wilhide: Well, again, this is where I stressed earlier the whole data quality aspect of the platform. And here's where...organizations have found a lot of inconsistency when they start looking at the master data that's in various systems. It can even be something as simple as spelling a customer name differently in the accounts receivable area versus the CRM system.

So there's a lot of issues out there. And people are using the platform capabilities, the data quality capabilities, in order to align their information. It doesn't necessarily make sense to re-implement every instance of an ERP system or to redo the structure of a CRM system, et cetera. But what does make sense is to look at these data quality capabilities and start to do that mapping and put that information in context within a platform that can then support the reporting requirements.

Joe Fleischer: Thank you very much, Kathleen. Now we've received a number of questions, phrased differently, but the general theme having to do with not just cost benefit, but also hard cost. In other words, to what extent can organizations benefit? And this is asking essentially to elaborate on benefits, financial benefits if you will of ...

Kathleen Wilhide: Right.

Joe Fleischer: Enterprise Performance Management. I want to give you, and, Vinay, you're welcome to offer your thoughts as well, an opportunity perhaps to elaborate since we're getting so many questions about benefits, and not just cost benefits.

Kathleen Wilhide: Sure.

Joe Fleischer: As far as enterprise performance management is concerned.

Kathleen Wilhide: Right. Well, the whole area of return on investment has always been key and continues to be key. And I see these questions as well. And they're all getting at that. But then people...and one of the questions that I see says talk about sort of hard cost savings as opposed to soft cost savings.

I've done quite a bit of ROI work. And, certainly, there are two dimensions to the whole ROI calculation of these investments. The hard cost savings, there is proven a reduction in the amount of effort and time that it takes to produce reports to perform the financial consolidation to make the planning and budgeting process more iterative as opposed to I can barely get through quarterly updates, never mind if there's a significant event, can I reforecast quickly.

So, certainly, we have...when we do...when I've done ROI analysis before, we certainly look at those savings. And many of the vendors, and IBM Cognos included, have made investments in ROI studies. And this is something I've worked with them on. And it's very important.

But I will tell you that it is extremely important also to start to translate this into the operational savings or benefits as well. And that's where you see the biggest return. And that's where if you're in finance and trying to make an investment here, that's harder for you to do because you're basically saying, "Am I going to be able to cut people? Am I going to be able to save money?"

But by providing...and we've done studies where by providing information to operational personnel, there's been significant savings that are far and above exceed what might be these hard costs in day-to-day processes for finance, for example. So really managing the break-even point in terms of investments, looking at the whole

area of quality assurance and getting the right information out into the field so you're optimizing lost cost of scrap, optimizing inventory levels, et cetera, that's where I think organizations that have been the most forward-looking have made investments in ROI analyses to really look at the benefits of these solutions. And that's where we have seen the big numbers.

So I would encourage you not to just look at investments here in terms of just hard cost savings. And press the vendor that you're working with to provide examples where they've helped their current customers quantify both these hard finance department cost benefits as well as the broader operational benefits that the organizations have been able to quantify and attribute to this investment.

And, Vinay, you may want to...I know that we've talked about this. You might want to just expand on that a bit.

Vinay Nair: Yes, we've talked about this before. I mean, like Kathleen said, there is this gravitation towards looking at hard costs in these type of investments. And this is...it's a hard area to get around. And as Kathleen had mentioned as well is that press your vendors to help you to realize that investment.

So we at IBM Cognos have invested in not only the tools, but the people also as well with the right skills sets to help organizations really understand what those ROI metrics are, not only from a cost perspective from a dollar point of view, but also looking at business user point of view in terms of their productivity and what that brings to the business overall.

So we have business value strategy advisors that come in and help you quantify what you're looking to gain as a result of these investments. This is in direct results of the demand for this type of analysis to be done.

Kathleen Wilhide: Right.

Vinay Nair: So if anybody wants to really deep-dive into that, we have a team. Please don't hesitate to contact us. We have a team that just focuses on doing that for clients as well. And we also work with third party consultants such as Kathleen as well to validate that from an external point of view.

Kathleen Wilhide: Right. And I think worth mentioning too, I mean, I think vendors are getting far more creative in terms of sort of the entry point for these solutions. And it isn't necessarily the most cost-effective to do a big bang. I mean, we've kind of proven time and time again that successful implementations do start with a pilot, potentially in a division of the organization, flesh that out, show the benefits to management and the information that's being generated, the operational results and then the organization is willing to make that next investment to expand horizontally across the organization.

But even looking at entry points like software as a service where maybe you have a smaller project that's hosted where you can start to demonstrate quick time-to-value to your management team, I would absolutely encourage you to consider those opportunities as well.

Joe Fleischer: Thank you. Thank you very much, Kathleen and Vinay. Here's an interesting question. And this has to do with a premise that a lot of organizations appear to begin with.

And the premise, and this is, a questioner asked, "Assuming that the primary focus of Enterprise performance management is for internal reporting, how does it facilitate statutory reporting?" So that is an interesting question from a member of our audience. And so that's just something I wanted to get your perspective on. To what extent can Enterprise performance management address not only internal reporting, but also statutory reporting?

Kathleen Wilhide: Well, the financial consolidation solution within this EPM umbrella has its roots in statutory reporting. And so those solutions, I mean, they have significant capabilities with regard to consolidation practices and processes, managing the financial close process, inter-company eliminations, et cetera, and should really serve as the foundation for statutory reporting.

And for many years, that is the...where these solutions were implemented. It's just in the last several years where we're seeing that why implement whole statutory reporting framework and then go off and do management reporting in another silo, potentially with just a business intelligence system because there's a lot of benefits to using the rigor and the framework within statutory reporting and within financial consolidation.

So most of the solutions out there today do facilitate multi-dimensions or multiple views of information that conserve statutory reporting purposes. And they're very strong...all of the financial consolidation solutions that I see out there today are very strong in terms of statutory reporting. Some may have different strengths than others. But they're all very strong.

The key now is how do they support this management reporting dimension as well. And that's where both the structure that you can get through financial consolidation coupled with the business intelligence platform and data quality is key.

Joe Fleischer: Thank you, Kathleen. And, Vinay, would you have anything to add with regard to gathering additional information above and beyond internal reporting from Enterprise Performance Management?

Vinay Nair: Well, that's a highly specialized areas so I'll refer to Kathleen on that one. But I know that we definitely...our consolidation solutions and so forth are in complete adherence to those regulatory obligations, whether it be GAAP or IFRS and so forth. But I think Kathleen was spot-on with her answer.

Joe Fleischer: Thank you, Vinay. Kathleen, here's another question which has to do, again, this comes from a very specific premise. The premise is, just to read the question, "In terms of self-service, can you really rely on systems alone to ensure consistency in the use and interpretation of data?"

Now my gloss on that question is it seems that the question is asking have we discussed Enterprise performance management only in the context of the system. Now I don't know that we have. I think we've covered more than that.

So I want to give you, Kathleen, the opportunity to perhaps expand the purview of this question above and beyond the systems alone in the context of Enterprise Performance Management.

Kathleen Wilhide: Well, I think what's key to this question is it starts off with in terms of self-service. And that implies that okay, you give everybody access, and they're having a field day. But the fact of the matter is there are significant capabilities with regard to managing user access to information, aligning a user's role with the information they can actually see.

And so I think that that plays very strongly into this whole self-service push. Without that, you really wouldn't want to turn it loose if you would. And probably in the poll question that we explored earlier where people said they're managing this information centrally and distributing it, this is probably a big driver in terms of if they're doing their own thing.

And people will do their own thing. They'll manipulate information. They'll manipulate the budget. They'll calculate a KPI differently than potentially another business unit. It goes on all the time. I mean, I remember this from years and years ago even. And I worked for a utility company. Different power plants did their own thing.

So I think what's key also, and, again, this is really part of most of the solutions out there, is looking at the ability to assign a role, to assign a role and tie it to an organizational unit and then have the control over the information they can actually see and access be tied to that. And those capabilities are very strong in most of the solutions out there.

So I feel very, very comfortable that the technology really is designed to really support consistency and manage delivery of information to end users.

Joe Fleischer: Thank you, Kathleen. Here is a question that asks...this kind of follows up from an earlier question, an earlier set of questions, again, elaborating on the benefits of Enterprise Performance Management. What case studies can you share? And, again, you don't have to mention the specific names of the organizations, Kathleen.

But perhaps since you've mentioned your past experience and companies you've worked with, what would you say are maybe one or two examples where Enterprise performance management best practices did have a benefit? Again, it could be a financial benefit, but may have had other benefits as well that are observable, but not easily quantifiable, for example.

Kathleen Wilhide: Well, one story that has stuck in my mind for years and years is it's a consumer products company that certainly was looking at profitability at the most detailed product level of the organization. And was doing so with multiple systems, with spreadsheets, different areas of the organization, marketing was trying to take



that information and make sense of where to focus campaigns, et cetera. And so this organization basically undertook an initiative that cut across finance, marketing and IT and said, "How can we pull together one solution that will meet all of our needs?"

And interestingly...and so the focus, the driver, was profitability. The design of the system was focused on product profitability. But the most interesting factor of success was that...was the senior management support behind the project in that when the solution actually went live, all of the other solutions that people were using in the organization were shut down. And there was this management decree that you will use this information. Everybody will use it so we're all singing from the same page.

This is a wildly successful project. I'm not saying that there weren't some pain points along the way, but that's a successful project that sticks in my mind where organizations were able to eliminate those silos and actually get at profitability information on an integrated and consistent basis.

Joe Fleischer: Thank you, Kathleen. And here's another question from our audience. Again, this kind of dovetails with questions that we have received previously that bluntly ask us to offer a financial benefit alone to Enterprise Performance Management. I want to kind of tweak this question a little bit. The question asks of how will the system save us money, specifically an Enterprise performance management system, save us money in terms of saving more than it costs to implement.

To the extent that perhaps we can, just as we have done with previous questions, perhaps expand the purview of the question because I would imagine there are not only the system itself, but best practices aligned with the system that can help organizations achieve a cost benefit from successfully implementing Enterprise Performance Management.

Kathleen Wilhide: Well, certainly, any of the sub-solutions or modules within the EPM environment specifically support business processes that are in place today. And to the extent that they're manually-driven many times, or spreadsheet-driven many times, certainly right off the top are looking at cost savings, et cetera. But I think what's more important, and, again, part of the whole evaluation process is sort of speed-to-value.

So we see a lot of...the vendors have made investments, whether it's in templates, whether it's in best practice, applications that can be implemented for like an industry-specific example, et cetera, where organizations can get up and running more quickly. I think that's the key right now because I think the tolerance really for projects that are lasting a year, or you don't see anything for a year, really is out the window.

And I do see the vendors working with their customers that are already successful and taking those practices and actually building them into the solutions. So if you're implementing that solution today, you have a foundation where you can get quicker time-to-value and show that value to the rest of the organization.

I also see for smaller organizations, which is another question that's on this list here, those best practices are also being packaged into solutions that are geared more towards the smaller companies that really don't have the funds or the time to be...to

take a long time to reach success. So there's solutions out there as well. And maybe, Vinay, you might want to comment on Cognos now or one of those.

Vinay Nair: Yes, well, what I...I do want to comment on based on these little templates you were speaking about as we made a big investment in the innovation center. And there's something called Blueprints, which is a set of I guess fast-start templates based on your industry or based on the solution you're using and so forth. So this has been something that's provided a lot of value for a lot of our customers to kind of quick start and get up and running as fast as possible.

And to kind of talk about the previous question, which is around the ROI, and, again, back to the cost of benefit, we've also been investing and conducting a lot of ROI studies. We partner with an ROI firm called Nucleus and as well as other analyst firms that actually go in there and do a deep-dive analysis post-implementation to really get a hard number. So an example is US Army RDEC, for example.

If you go to that link that I had sent out in my slide earlier in the presentation on the SAP page, we have all those ROI studies posted there. So you can take a look at the hard numbers of what some of these companies have realized as a result of this. And if you go to the Cognos Innovation Center, you can get an idea of all the blueprints that are available for various industries and various solution applications that can kind of get you up and running really, really quickly. But definitely it's a high-demand area and a very good question.

Kathleen Wilhide: And just to...I get questions on this all the time, Vinay, that blueprint is not just a manual that says, "Okay. You might want to do this or you might want to do that." It's actually a coded solution that you can implement and turn on these capabilities and really does contribute to a quick time-to-value.

It may not be exactly what you want. And I'm not saying that it's supported as an application, but it's more than just a manual.

Vinay Nair: Exactly.

Kathleen Wilhide: Yes.

Vinay Nair: It is, like you said, it's an application in itself that's catered towards the specific scenario.

Joe Fleischer: Well, thank you very much, Kathleen and Vinay. I recognize that time flies when you're having fun. And it does look like we have received a lot of questions that we may not necessarily have time to answer during the course of this live event. I do want to assure members of our audience we will follow up on any remaining questions after this Webcast.

And I should note, by the way, that by the end of this week, you will receive an email message to alert you to the On Demand availability of today's Webcast. The email message will include a link to the archive of today's Webcast. And you'll be able to view and listen to this presentation on-demand by visiting the On Demand Webcast section of CFO.com.

Now before we wrap up, I would like to direct your attention once again to additional sources of information that Vinay has mentioned. And you will also be able to view this information if you download the slide deck as a PDF document. And as a reminder, the slide deck from this event will be accessible not only now, but also when the archive of this Webcast becomes available on CFO.com.

Now at this juncture, I would like to take the opportunity to invite members of our audience to provide their feedback by completing an on-line survey about today's Webcast. Just so you know, the survey will appear in a separate browser window. And you will be able to view this separate browser window containing the feedback form if you've turned off your popup blocker during the course of this Webcast.

Once again, I'm Joe Fleischer, the moderator of our on-line event. And on behalf of our guest speakers, Kathleen Wilhide, Founder of Better-Insight LLC, as well as Vinay Nair of IBM Cognos, I would like to...on our behalf...thank you and extend our appreciation for joining us for our Webcast, "How to Lead Your Organization on the Best Path to Performance Improvement," brought to you by CFO Publishing and by today's sponsor, IBM.

We thank you for your time. And we hope you enjoy the rest of your day.