

Brent Winsor: Hello and thank you for joining us as part of IBM Cognos Virtual Finance Forum 2009. My name is Brent Winsor I am a product marketing manager here at IBM Cognos and I represent the strategy management scorecarding solution. So, the title today is strategy management with IBM Cognos 8 BI scorecarding version 8.4 and you will see it how helps to automate the strategy management process within your organization by linking strategy to execution. You will see how it enables to effect your strategy management by determining how you are performing as an organization against strategic goals and objectives. Now, whether you need to monitor your key performance indicators in a dashboard or manage your strategy with enterprise scorecards, this session will show you how it can help communicate strategy, provide employ focus and ensure accountability throughout your organization to find consistent KPI or key performance indicators, leveraging a common metrics framework, you will see how you can leverage IBM Cognos 8 BI dashboards to monitor those KPI and communicate scorecard information across your organization and finally we will discuss how you can link strategy to resource planning, budgeting by creating initiatives that can be planned using IBM Cognos 8 planning. So, quickly we will talk about performance management, strategy execution failure, score carding maturity level which will essentially show that different organizations have different requirements for scorecarding application depending on their maturity level. We will look at the value if IBM Cognos 8 Bi scorecarding and how it addresses the strategy management scorecarding issues that have been presented. Then we will get into a customer success story a company called *[Inaudible]* how they have leveraged IBM Cognos 8 scorecarding along with the IBM Cognos 8 Bi platform to really drive business performance they were going through very turbulent time a few years back and we will show you how they have come out of that turbulent time and ultimately have performed very strongly. We will then go through a product demonstration, we will wrap it up with a conclusion and finally I will leave my E-mail address for you so that if you do have any questions you can E-mail me and I will make sure I get an answer back to you promptly and quickly. So, the discipline of performance management is about asking and answering three vital questions, often in a rapid succession and these questions play out across all the departments in an enterprise, so measuring and monitoring performance helps answer the question of how an organization is performing at any given time.

Now here scorecards and dashboards are used to provide different types of information to answer that question of how you are doing, planning helps to answer the question of what an organization should be doing in the future and finally reporting an analysis helps to answer the question of why an organization is performing in a certain way providing those diagnostic details underlying business performance, so according to fortune magazine less than 10% of companies successfully execute their strategy and this problem shows up in public sector organizations as well. Now when companies fail in strategy execution they pay a high price, mediocre growth, lost market share and less than stellar profitability or no profitability, so why do companies fail in strategy execution? Corporate executives don't fail because they have bad strategies, they fail because of the challenges and consistently and easily communicating strategy through out a global enterprise, so that managers and employees at all levels of the organization are all pulling in the right direction and the fact that they don't communicate the strategy it means that

there is a lack of ownership and accountability of those actions and initiatives that are going to support our strategy, employees, departments managers can focus on strategic objectives, because they don't know what they are in the context of what they are doing or what their goals are for their departments and so on and because there is a lack of a comprehensive business view managers as well as employees don't get a snap shot of how they are performing against what any given strategic objective is and finally there is a lack of strategic initiatives, so there may be a strategy defined, but to accomplish that strategy an organization has to define specific initiatives that are going to address those strategic goals and objectives and many organizations don't create those initiatives they create a strategy however, they don't communicate it and they don't create specific initiatives to address those strategic goals, so at this point I just want to provide a clear definition of what a scorecard is. A scorecard provides a visual representation that captures strategic or tactical objectives for an organization or department, now some standard strategic objectives are improve revenue, reduce cost, increase market share they are just some standard strategic objectives that many and most organizations have. As score card will then provide a status of how an organization a line of business or department is performing against those specific objectives and the status is provided through red, yellow and green status indicators and a scorecard will use key performance indicators to provide that objective status, now this could be a single metric or could be a number of metrics in a weighted average that roll up to give that status of how you are performing against strategic objectives, so at any given time an executive or a manager can take a look at a score card and understand how they are performing against their strategy and as a result if they are performing poorly they can apply corrective actions to help move that objective into a better performing state or bring it from red to yellow to a green status, now *[Inaudible]* work with 1000s of Cognos scorecarding customers we have found that not all customers that need or require a scorecarding application have the same requirements.

We determine that a customers scorecarding needs can be determined against a scorecard maturity level, so at this initial stage of the spectrum customers need to monitor metric performance now this could be a department or team within a department and as we know most employes departments and managers want to monitor those metrics that are important to them, now these metrics are not necessarily tied to any strategic objective, they are important to a department, but they may not be part of a top down initiative and in these situations dashboards and reports provide this visibility. Now to monitor metrics properly they should be defined against consistent business rules and this is where the power IBM Cognos 8 BI scorecarding comes into play where you can define those metrics and you can visualize them in a dashboard or report, I mean we have many customers that create reports based on metrics to find in our scorecarding capability. Now the next level of the spectrum you have scorecarding, we have a process by which performance is measured across multiple teams in a consistent way to improve productivity or alternatively within a single department, now here the metrics are standardized, they are defined in a consistent way according to a common metrics framework meaning that when they are looked at by different teams or franchisees they mean the same thing, there is ownership and accountability against any given metrics so that if there is a performance shortfall indicated by a metric the organization or the

department knows who to call on to apply corrective actions, within the scorecarding spectrum here metrics are typically linked to a business intelligence report and analysis so that it will provide underlying diagnostic details as to why that metric is performing in a certain way and more often than not at this stage it is not part of a top down initiative, it is usually at the departmental level or alternatively it could be a franchise where each franchise has its own specific scorecard leveraging those commonly defined metrics. Now, at the top of the scorecard maturity level you have the strategy management, now this is a top down enterprise wide initiative where the CEO and executives define a strategy and leverage scorecard to communicate their strategy across an organization and cascade strategic intent deep into the organization, now strategy management is typically driven by management methodology like the balance scorecard, now this is the worlds most popular right now, so to support the strategy initiatives are defined and planned for as part of the organizations planning process, strategic objectives are defined in financial and non financial indicators.

The non financial indicators can include things like customer satisfaction and internal training for employees, so these indicators are considered leading in that...if an organization doesn't perform strongly against them it will have a negative impact against the lagging indicators which are the financial indicators like revenue and cost. So, IBM Cognos 8 BI scorecarding addresses all customer requirements against this scorecarding maturity level, so whether it is metrics monitoring for some basic performance monitoring within a department to scorecarding where you define the consistent KPI and scorecards for franchises for instance or teams all the way up to a top down balance scorecard initiated methodology that starts at the top of an organization and cascades throughout all the lines of business and to the departments within any given line of business that is what strategy management is, so IBM Cognos 8 Bi scorecarding will help you at every step of the way depending on what your given needs are. A little bit more detail around that IBM Cognos 8 Bi scorecarding it automates the strategy management process and it helps organizations link strategy to execution and as we mentioned in the previous slide it addresses all those requirements against each step of that scorecard maturity level spectrum, so for those organizations that need basic performance monitoring IBM Cognos 8 Bi scorecarding will satisfy the need for metric visualization and consistent metric calculation. It allows you to create your metric in a consistent manner and because it is deeply connected to an integrated Bi infrastructure that being IBM Cognos 8 Bi you can monitor these metrics in a business intelligence report or in IBM Cognos dashboard that will update when the data supporting the metrics changes, for those organizations that need to create scorecards to manage performance across teams in a consistent way IBM Cognos 8 BI scorecarding allows you to track performance against departmental team or franchise objectives every metric is assigned an owner that has a target which creates accountability and focus and metrics are linked to business intelligence reports and analysis to show those underlying details as to why metric is performing in a certain way.

Now from a strategy management perspective IBM Cognos 8 Bi scorecarding does all the above and it should be pointed out that as you go up each step of the way across that

spectrum you need the supporting features that are capabilities to help address its own like, when I talk about scorecarding it certainly includes a metrics monitoring aspect and when I talk about strategy management it includes the scorecarding capabilities as well as the metrics so they all roll up as you move up the spectrum, so ultimately from a strategy management perspective IBM Cognos 8 BI scorecarding allows you to communicate strategy across the organization through scorecards and strategy maps ensuring that strategy is linked to operations whereby all departments that are defining projects and initiatives support the strategy, IBM Cognos 8 Bi scorecarding will allow an organization to automate this top down initiative and ultimately allow them to communicate strategy, provide focus at any given time anyone in the organization can look at the scorecard and know how they are performing against what the organization has set as their given strategy. Now the process of strategy management scorecarding starts at the top of an organization.

The CEO and executives are responsible for defining strategy and creating enterprise scorecards that captures strategic objectives, they define initiatives that will help the organization meet their objectives and they create a line of business scorecards that cascade that strategic intent deep into the organization, so this aligns the entire organization against the strategy of that organization. Now, in most cases the opposite finance is responsible for managing this process and as we have talked about IBM Cognos 8 Bi scorecarding is a perfect solution to help automate that process. Now departments will create their own scorecards as part of the top down approach and this would roll up into a line of business scorecard. However, departments often create their own scorecards to monitor their performance outside of a top down initiative for example the sales department could create a territory management scorecard, marketing could create a customer satisfaction scorecard and so on. So, the success of independents the departmental scorecard projects have led to many organizational top down strategy management scorecard initiatives where companies have standardized on IBM Cognos 8. A customer of ours called *[Inaudible]* is a good example they started the scorecarding project in their sales department. The VP of sales would print of his scorecards bringing them to management meetings and using this scorecard he would talk about how sales was performing against the strategic objectives of the company and pretty soon the marketing VPs and the IT the CIO wanted to have this capability as well so scorecarding moved into the marketing department into the IT department and very soon you had a situation where many departments in the organization were leveraging our scorecarding software for their own individual projects ultimately it lead to a standardization on IBM Cognos 8 Bi where it was the top down initiative in all the organization departments and lines of business had their own scorecards that rolled up into an enterprise scorecard.

Ultimately an enterprise better of when strategies connected from the top of the organization to the bottom however, departmental scorecards outside of a top down initiative have proven successful in driving departmental business performance. So, we talked about how many organizations do not successfully execute their strategy, they don't have a formal strategy management process in place they may have a sound strategy, but they don't communicate this across the organization ultimately, they don't

link strategy to operations. So, the office of finance can't monitor strategy, because they don't have the systems or process in place to do so, strategies are not communicated and as a result departments don't understand what the strategy is, their initiatives and activities are not aligned with strategy, there is a lack of accountability for strategic objectives and ultimately the business departments, line of business and so on they do not focus on strategic objectives and ultimately it results in lackluster performance. Now, with the formalized strategy management process in place and powerful software to automate this process like IBM Cognos 8 BI scorecarding an organization can link strategy to execution effectively linking strategy to find at the executive level down to the operational level, so strategy is defining the enterprise scorecards it can be in communicated across the organization ensuring that all levels are defining projects and activities to support it, lines of business create their own scorecards to ensure that employees understand how their actions will support the strategy and ultimately an organization has strategy linked to execution where all departments, all lines of business understand what they need to do on a daily, weekly, monthly basis to support the strategy defined at the top level.

So let's take a few moments to look at an organization that is leveraged IBM Cognos 8 BI scorecarding software and IBM Cognos 8 BI to ultimately drive business performance, so ENECO is one of the three leading energy companies in the Netherlands and it is dedicated to supplying energy in the form of gas, electricity, heat and to a lesser extent cooling. Company now has approximately 5300 employees, two million customers and 2007 revenue total 4.5 billion euros with a net profit of 426 million euros, ENECO was faced with significant business challenges due to industry regulation, so to implement an enterprise wide business intelligence and performance management solution to manage through these challenges improve customer service and deliver on a strategic objectives. In 2002 ENECO adopted the balance scorecard as a management methodology however, this was paper based and it was a manual system, so they had some success with that however they realized that they needed powerful enterprise software to help automate the process, now this project started in 2004 with the establishment of a data warehouse infrastructure which provided essential repository of data drawn from operational systems such as their CRM system, their marketing system billing in finance. Now balance scorecards were initially implemented as performance management tool in ENECO retail division, this was very successful in 2005 the balance scorecards and associative reporting were cascaded across the other business units.

The management team began using the balance scorecard reports in management meetings, they also implemented business intelligence portal to allow self service access to this important management information, 2006 ENECO linked the balance scorecard system to the budgeting and business planning processes and systems. The balance scorecards were also used to communicate strategy more broadly to the entire workforce and they were also aligned to individual compensation and development plans, so currently ENECO management has access to a personal analysis that enables them to track their progress against strategic objectives and adjust strategies needed, operational performance is measured against a set of commonly defined key performance indicators.

The system has become so widely accepted that only information produced from the IBM Cognos solution is allowed to be presented in board meetings so there is no longer any discussion over whose data is correct and if you quickly look at the left hand side of the screen those results are highlighted accounts receivable decreased by ten million euros, annual savings of one million euros in direct mail cost, their conversion rate in marketing went from 10% to 65% and they experienced savings of 2.5 million euros in customer contact in their customer contact center and billing department, very successful and a great story and example of how an organization that is going through a turbulent time can leverage the power of IBM Cognos 8 Bi software and really drive business performance. I want to quickly talk about IBM Cognos 8 Bi scorecarding version 8.4. Version 8.4 includes new scorecard portlets which includes strategy maps and impact diagrams and can be combined with the Cognos viewer to provide a performance dashboard. So these portlets provide a view into the metrics store and this follows on the work we did with our 8.3 version that had portlets in the form of scorecard strategy lists and accountability list. We also introduced a new dashboard capability called IBM Cognos dashboards which dynamically delivers rich flash based graphics for business users or executives to quickly create personalized dashboards that reflect the trusted performance information delivered from IBM Cognos 8 BI.

So within that you can bring in a scorecard, a metric list and so on that can be created directly by an executive or business user, so ultimately through these new features you can communicate scorecards and strategic information more easily to a wider audience. Now the following slide helps show how IBM Cognos 8 BI scorecarding leverages the capabilities in the IBM Cognos 8 Bi platform to deliver scorecards and strategic information throughout an organization. Now I want to point out that IBM Cognos 8 scorecarding is the core of this process and without it you cant leverage IBM Cognos 8 reports and dashboards to deliver the scorecard information, so as we have mentioned within IBM Cognos 8 Bi scorecarding you capture your strategic objectives and attach relevant metrics to show performance you create those metrics and keep KPI with a consistent business rules to finding thresholds and targets and then you cascade those metrics and scorecards across the organization and you establish owners to ensure accountability. Once you have done that then you can leverage the other capabilities in the IBM Cognos 8 Bi platform, so at the top of the screen you will see a managed reports and you can create IBM Cognos 8 Bi reports that include information from Cognos 8 Bi scorecarding that can be printed and in many cases executives and managers will bring Bi report to a management meeting, you can also leverage IBM Cognos mobile, so once you create a report in the IBM Cognos 8 Bi platform you can then leverage a mobile device to view and interact with that report and it is perfect for executives your sales force etc that need to view scorecard information while they are on the road.

We talked about go dashboard so ultimately by leveraging this new capability and executive or business manager can create a performance dashboard on the flight that includes scorecard information and then finally by leveraging the scorecard portlet capability in any given portal you can view these scorecard portlets, so you can go and get a snap shot of many types of information that can include scorecard information, so

the point here is that because IBM Cognos 8 Bi scorecarding is a core capability in the IBM Cognos 8 Bi platform you can leverage all the core capabilities to view and interact with scorecarding information, so you just don't have to go into the scorecarding capability you can leverage many different consumption modes if you will to view that information. I also want to point out that IBM Cognos 8 Bi scorecarding supports open standards so those portlets we just talked about they support the web services for remote portlets WSRP so ultimately if you create a portlet in IBM Cognos 8 BI scorecarding you can view it in a non IBM Cognos portal and that could be Microsoft share point, IBM WebSphere for instance and ultimately we have recognized that organizations use different types of software to view information, so by creating portlets against their standard we allow you to leverage those portals that you want to leverage to view your scorecarding information.

Now IBM Cognos 8 Bi scorecarding provides role based views of scorecard information and these are some examples of views that a C level executive would use, so the strategy map would provide a snap shot view of the organizations performance against strategic objectives. The CEO for instance would look at the organization strategy map, well the other C level executive of the companies various functions, finance, sales and marketing would look at the strategy maps of their own functional areas and IBM Cognos connection our portal would display not only scorecard and strategic information, but operational information in the form of charts and graphs that would help the executive manger daily activities. Ultimately, they could bring an IBM Cognos 8 Bi report with scorecard information in it to the management meeting and on the road they could view scorecard information on their mobile devices, VP and managers of a company departments have their own strategy maps with the operational objectives linked to the strategy dashboards will provides scorecard information along side daily operational information in charts, graphs, reports and so on impact diagrams is not a view a C level executive would normally use, but are commonly used by departmental VPs and managers to get a better operational understanding of metric performance you know it is their mission to understand why metric is performing in certain way and an impact diagram gives them a operational understanding, so they can direct their subordinates and apply corrective actions where necessary.

They would reference reports of scorecard information pertaining to their departments in management meetings and also they would use mobile devices to view scorecarding information as well. Now from an analyst perspective, an analyst would leverage dashboards to track departmental performance, they would use actions to define initiatives to improve metric performance, they would use reports and analysis linked to metrics and scorecard to get to those underlined diagnostic details on why metric is performing in certain way and finally an analyst is typically the role that would edit and update a scorecard and the screen shot on the bottom their shows that so your analyst would go in help to find scorecards edit them and update them for their the departmental VP and so on. Now at this point I would like to give you a demonstration of IBM Cognos 8 Bi scorecard and I will show you all the different features and functionality that address those strategy management scorecarding issues we have talked about during the presentation, so we are looking at IBM Cognos 8 Bi scorecarding all the scorecards for

this particular organization are on the left and we are focussing on the eastern sales scorecard we are looking at a strategy map that shows the four perspectives of the balance scorecard and as you have an over objective you can see the metrics that are associated with it and now we are focusing on the metric list or scorecard and you can see the objectives in a different format along with all the metrics as you have *[Inaudible]* you will see a history chat, actuals and targets are included and as we scroll down the scorecard we can see those additional objectives that have been set up against perspectives in the balance scorecard. Now it is very easy to add a new strategic objective to the scorecard it included many new self services features in our latest version this being one of them and what we are doing right now we are adding a new strategic objective to the financial perspective of this scorecard, so we will just call it f3 and we will call it improved revenue mix.

Now give this is a status calculation so that when the metrics changes it will roll up and give you an objective status for the strategic objective we are defining, so now we are going to add a metric to that particular strategic objective and we click add and we are going to our metric types and we will scroll through the list until we find the right metric that is a good measure for that new strategic objective we defined and this would be the cross over ratio. We will quickly add that and we are going to see that new metric added to the new objective and there you go, so eastern sales cross ratio has been added lets go back to our scorecard our eastern sales scorecard and we will see improved revenue mix and the eastern sales cross over ratio have been added, so very quickly we have added a new strategic objective, you also have the ability to filter through scorecard depending on the performance of the metrics or focussing on the wholly performing metrics and objectives, because most managers want to focus on those to apply corrective actions, we will focus on the discount percentage and as we click on it, it brings up a history chart, we can look at that history chart in a tabular format for those who are more comfortable with excel for instance. Lets go back to our chart and we will just quickly change one aspect to a bar chart, so we can actually get a better visualization of how that metrics is performing over time and here we can see that since April 2007 the discount percentage has been above what the target is, what I am doing now is adding a comment, now this ensures collaboration amongst those who have access to the scorecard, so in this case the VP of eastern sales is putting a comment in so that the business analyst that reports to VP of sales can begin to investigate and apply corrective actions, so we will quickly okay this and we will see as we hover over the comment icon we can see the time and what the comment is so whoever has acces to the scorecard can see who has been adding comments to it and it helps to ensure collaboration.

What we are looking at now is an impact diagram which defines the cost effect relationships between metrics than having impact on any given metric. Here we are looking at the discount percentage and we can see that complaints in order *[Inaudible]* are red they are having an impact on a discount percentage, so we are going to focusing on that to understand why that metric is performing in certain way. We can also look at it in a summary form, so we can see all those metrics, the discount percentage metrics that make up the discount percentage for eastern sales we have seen Atlanta, Boston, Miami

and so on and again this provides a better operational understanding for any given manager that is responsible for any given metric, what I have done is click down reports and what this provides is we define this we talked about this earlier, the ability to get those underlying diagnostic details to metric performance, so we brought up a standard report that provides more details, so anyone looking at this can get a better sense of what is happening against that discount percentage metric. I am bringing up another report here the sales volume report and again this gives us more underlying details as to why any given metric is performing a certain way, so we can begin to apply corrective actions to improve metric performance. We have advanced initiative tracking and what I am doing now is I am initiating an action that will help improve the performance of that metric the discount percentage metric, so we have approved discount is greater than 5% we can set a start time for it and an in time a plan starting plan finish and then we can actually put in an actual start and finish, so we can track its progress over time, so again this helps focus employees and it helps people collaborate and define actions so that when there are performance shortfalls people understand what they need to do and then we can see approved discounts greater than 5%.

Now when we go back to our impact diagram we can show those actions against the metric we are working on, so we are focussing on discount percentage and here we see that new action approved discount is greater than 5% that we just added against the impact diagram, so effectively we are providing more information in one view within IBM Cognos 8 Bi scorecarding and it just helps people manage their business better. What we are doing now is we are adding this metric discount percentage to a watch list, now this is a list of your important metrics that when the status changes to them and when comments had been added you will be notified by E-mail, so you see the discount percentage has been added to watch list when the status changes or comment or action is been added you will be notified via E-mail and again it just helps people focusing on those metrics they are responsible for and apply corrective actions when comments or the status has changed. We talked about the portlet capability earlier in the presentation, what I am showing you now is IBM Cognos 8 Cognos connection the portal page and we are showing you the portlets right from the scorecarding application available in one common view, we see an impact diagram and metric list and a strategy map. Now as you click on the metric list it will dynamically refresh and you will see the impact diagram changed accordingly. Now, we are going to look at another portal page if you will and this is a briefing application in that it has got a number of different pieces of information that will help give the user a better sense of how they are performing against any given metric, so we are looking at metric performance as it is been to find, we have also got projects and initiatives set up here, so someone can quickly go through against the four perspectives of the balance scorecard we defined and get more information in a portal environment, so it makes it easier to get all the information you need to address metric performance and your strategic objective performance as well, and we are going again back to projects and initiatives as another portal. Now, finally I just want to quickly show you the new capability IBM Cognos 8 go dashboards and what we are going to do is quickly add a metric list to this, so this is the dynamic flash dashboards that we have recently released and a business executive can quickly define a dashboard very quickly

on the file. What we are doing right now is we are just going to go in and quickly drag and drop the eastern sales metrics scorecard and we can quickly see that *[Inaudible]* so we can see all the metrics against the eastern sales scorecard, you can also add in other information as i mentioned earlier in the presentation and this could be charts and graphs that you would drag and drop from the tree on the left, we are not going to do that right now, lets just save this metric list dashboard and we will quickly name this dashboard, so ultimately what we have provided in the latest version of IBM Cognos 8 BI scorecarding is the ability to leverage the powerful scorecard information, the metric definition the scorecard you have created in IBM Cognos 8 Bi scorecarding and use all the other capabilities of the IBM Cognos 8 Bi platform whether we go dashboards organizations the portlet capability so that you can get more scorecard information out to a wider audience. So my conclusion we have seen that scorecarding is a core component for performance management IBM Cognos 8 Bi scorecarding automated the strategy management scorecarding process helping organizations link strategy to execution, effectively linking strategy develop that the executive level and cascading it throughout the organization, so by linking strategy to operations, departments, teams and employees they can all align there projects and daily activities to support the strategic objectives of the organization.

Now, the new features of IBM Cognos 8 Bi scorecarding version 8.4 those being the impact diagram and strategy map portlets as well as the ability to create flash based dashboards within the IBM Cognos 8 go that actually included scorecarding information it ultimately means that scorecarding information can be displayed in many different formats and it can be consumed in a wide variety of ways so that users can leverage the viewing experience that they are more comfortable with, it just makes it easier to get that scorecarding information out to a wider audience and finally by implementing a top down approach to strategy management and leveraging the power of IBM Cognos 8 Bi scorecarding to automate that process organizations can link strategy to execution, they can communicate strategy across the organization, they can provide employ focus, they can ensure accountability and ultimately they can help link strategy to budgeting through planning, by setting up initiatives. For any of those people who have questions please contact me, here is my E-mail address it is brent.winsor@ca.ibm.com i would be happy to answer all your questions please send them to me and I will get an answer back to you quickly thank you very much for joining us today I hope this is been a helpful session and educational session and ultimately a demonstration of how IBM Cognos 8 Bi scorecarding can help automate your strategy management scorecarding efforts and ultimately help you drive business performance.