



IBM PERFORMANCE EVENTS

Smarter Decisions. Better Results.



Advanced Planning & Analytics with IBM Cognos TM1 & IBM SPSS

Patrick Hametner, FPM Solution Sales CEE
October 26th, 2010

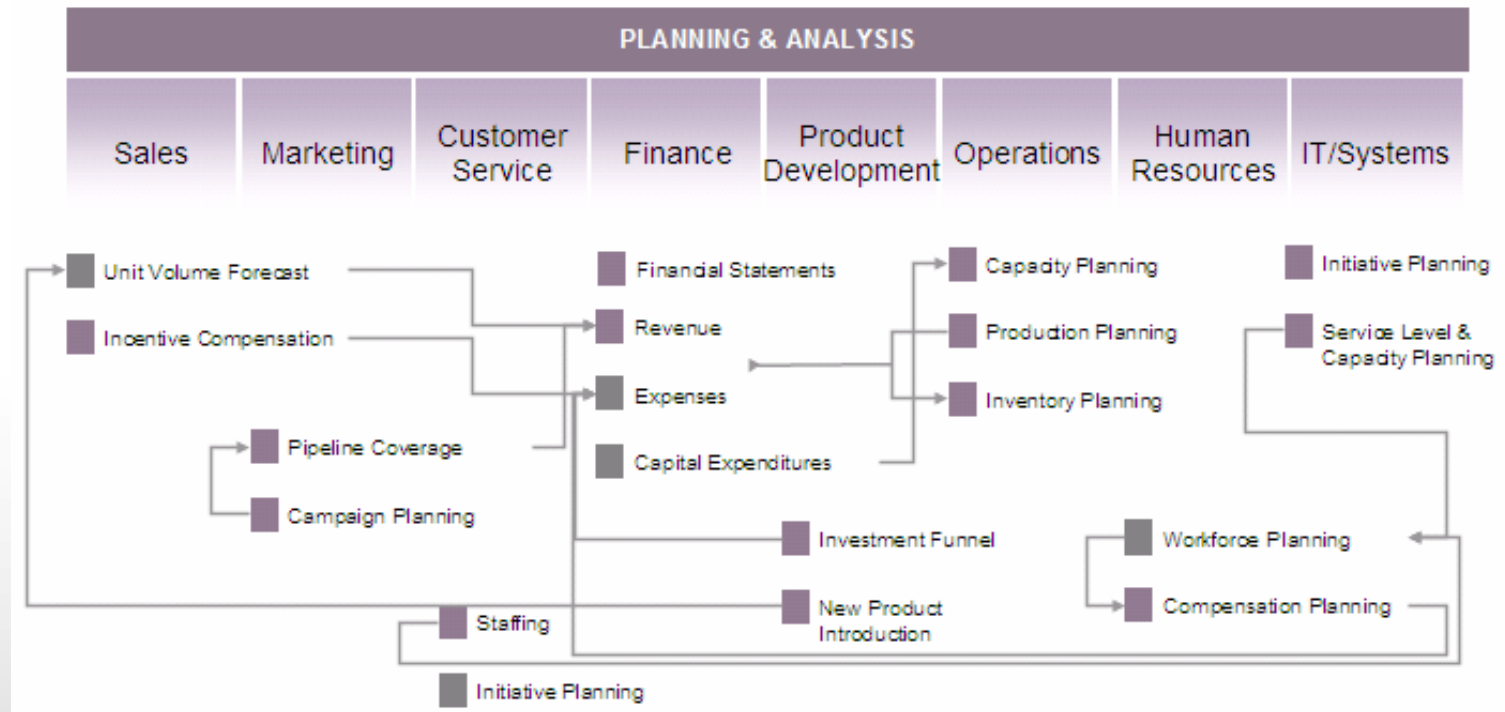


Agenda

- Importance of Planning, Budgeting and Forecasting in Office of Finance
- Overview Of Financial Performance Management Product Portfolio
- Advanced Planning & Analytics Solutions
- Demonstration
- Summary

What is Planning?

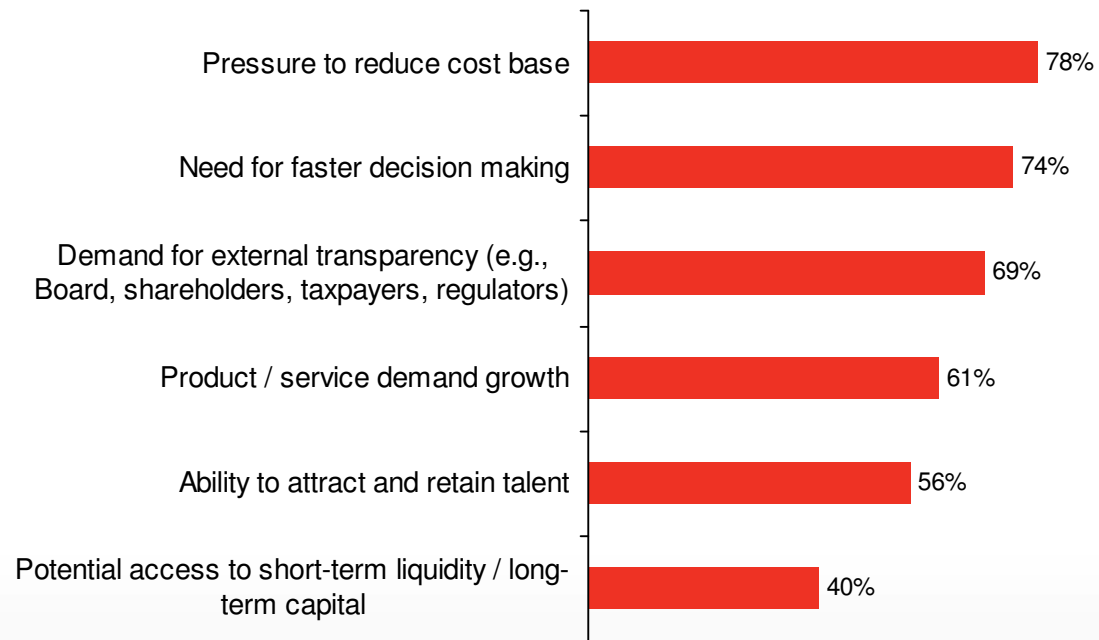
- Planning is a management process, concerned with defining goals for future organizational performance and deciding on the tasks and resources to be used in order to attain those goals. (Source: Wikipedia)
- Comprehensive planning, budgeting and forecasting (PBF) processes provide excellent methods to effectively convert strategy into action. (Source: APQC)



CFOs believe that industry / sector pressures will increase challenges and opportunities over the next three years



Industry / Sector Changes Over the Next Three Years



As a result of these factors, ~60% of Finance organizations believe that they have to make major changes to respond.

N = 1,844 to 1,905

Note: Executives asked: In the next 3 years, how will the following conditions change in your industry / sector? Excludes participants that select "Don't know"

Note: Defined as enterprises selecting [5] Increase considerably and [4] on a 5-point scale where [5] Increase considerably and [1] Decrease considerably

Source: IBM Institute for Business Value, The Global CFO Study 2010

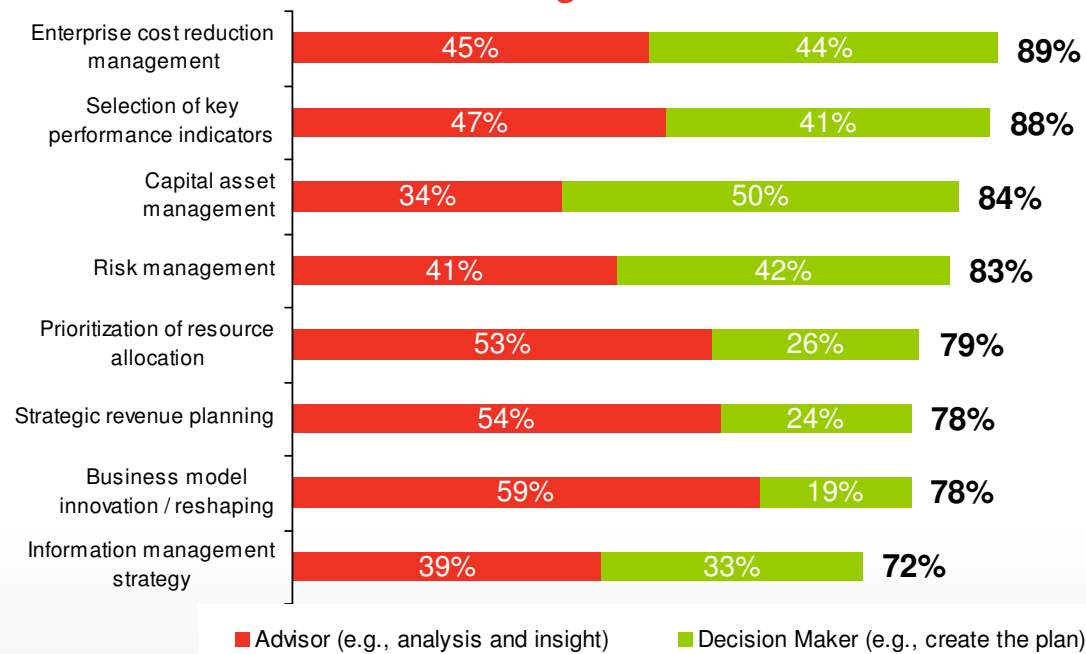


CFOs are taking a more prominent role in enterprise decision making



Elevated Role of Finance

Role of Finance in Driving Decisions Across the Enterprise



Over 70% of CFOs believe they have an advisory or decision making role on the enterprise agenda.

N = 1,881

Note: Executives asked: What role is Finance playing in driving decisions across the enterprise? (Select only one per area)

Note: Respondent choices included No Role, Informer, Advisor and Decision Maker

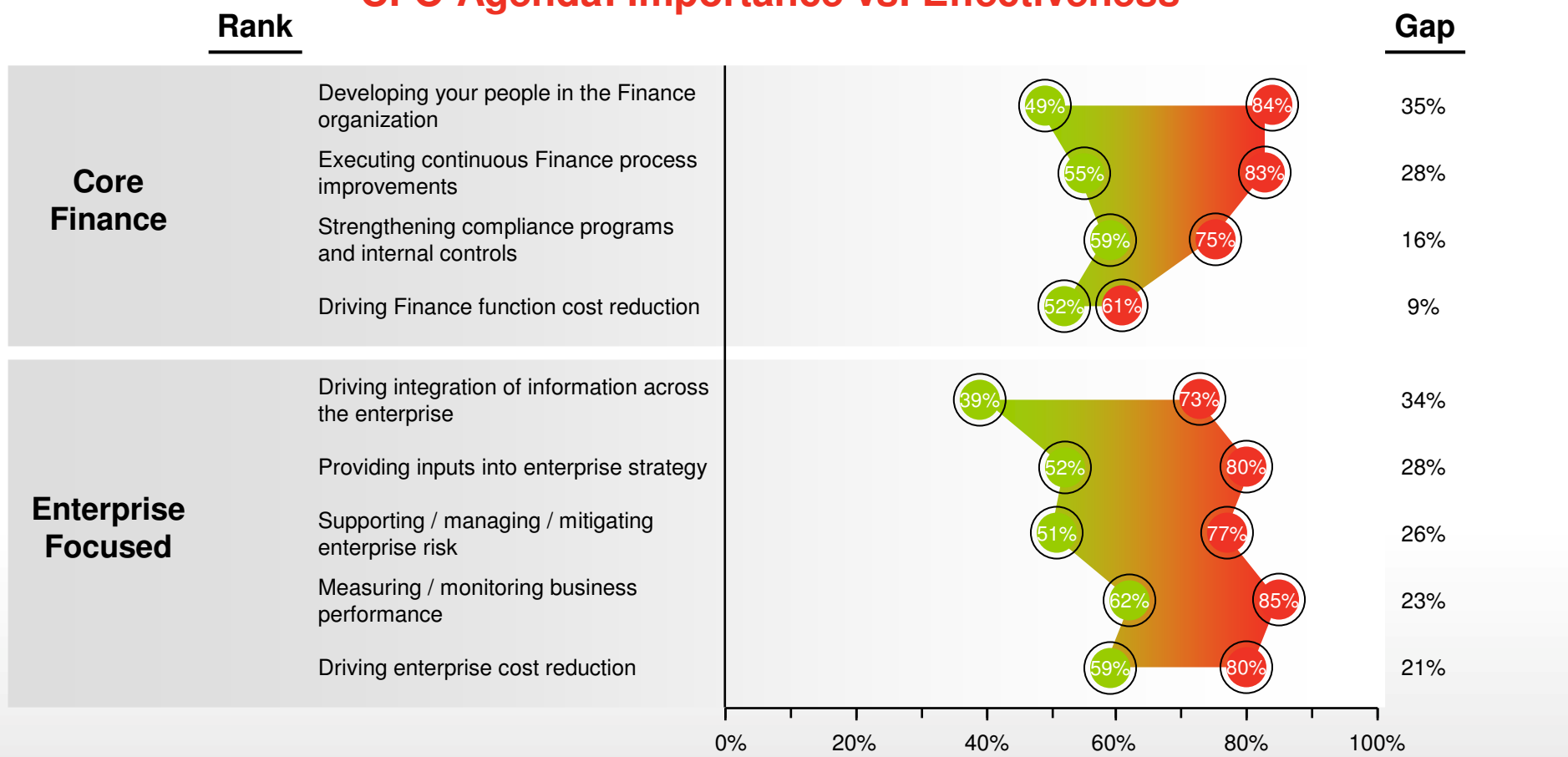
Source: IBM Institute for Business Value, The Global CFO Study 2010

However, Finance needs to improve its effectiveness in order to deliver on the enterprise agenda



CFO Agenda: Importance vs. Effectiveness

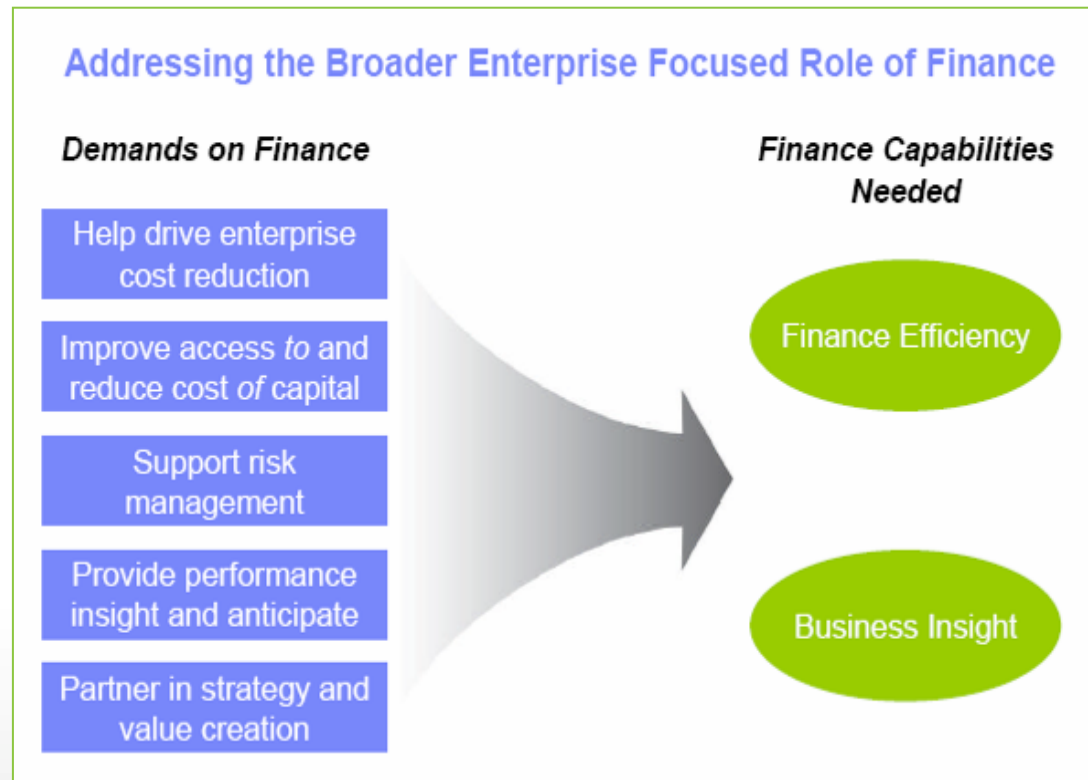
● Importance
● Effectiveness



N = 1,834 Note: Executives asked: How important to your Finance organization are each of following areas of responsibility? and How effectively do you think your Finance organization is performing in each of those areas? And Please rank your top 3. Importance defined as enterprises selecting [5] Critical and [4] on a 5-point scale where [5] Critical and [1] Unimportant. Effectiveness defined as enterprises selecting [5] Very Effective and [4] on a 5-point scale where [5] Very Effective and [1] Ineffective

Source: IBM Institute for Business Value, The Global CFO Study 2010

This requires improved finance efficiency and business insight



Source: IBM Global 2010 CFO study

Think and act differently

Traditional behavior:

- Information Collector
- Tactical View
- Passive
- Risk Averse
- Process Re-engineering (Revolution)
- Manually, isolated
- Lagging



Performance behavior:

- Information Analyzer
- Strategic Analysis
- Active / Interactive
- Risk Aware
- Continuous improvement and innovation (Evolution)
- Automate & integrate
- Leading

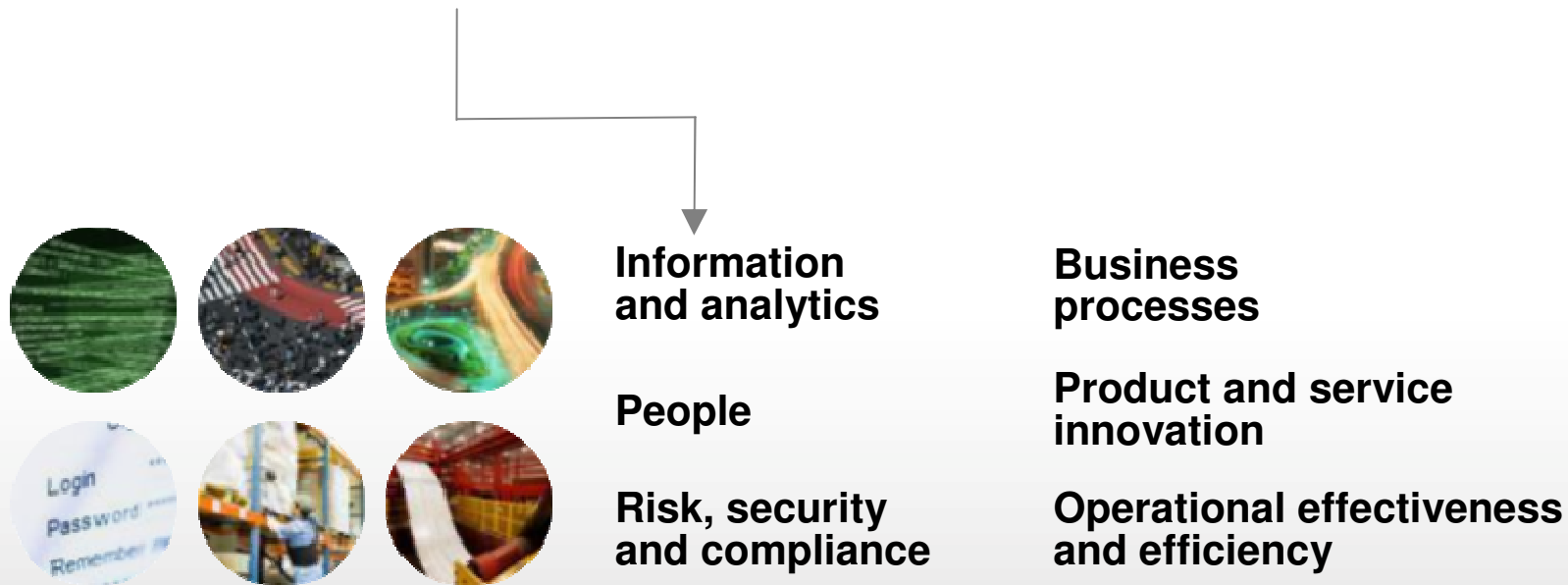


Agenda

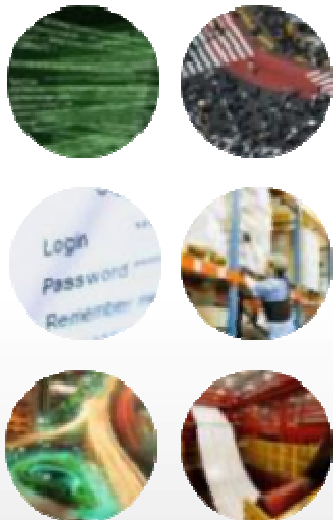
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As the world's largest business software company, IBM is helping organizations of all sizes tackle their most important **business challenges***



IBM solutions are built on a core set of software **capabilities***



Advanced analytics
Analytic applications
Application infrastructure
Asset management
Business intelligence
Business planning and alignment
Business process management
Business service management
Connectivity and integration
Data management
Design and development
Electronic commerce
Enterprise content management

Financial performance and strategy management
Information integration, warehousing and master data management
Messaging and collaboration
Network and service assurance
Portals and mashups
Portfolio, product and project management
Product and application lifecycle management
Security
Social software
Storage management
Unified communications





Business Analytics solutions from IBM

Business intelligence (BI) solutions from IBM enable you to harness the power of your business data, helping you leverage information to improve decision making and gain new insight into customers

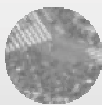
- Inform decision makers with comprehensive, consistent, timely and relevant business information
- Engage decision makers to view, assemble, explore and analyze information how and when it's needed
- Align decision makers to share insight and make decisions in the context of business goals



I&A



BP



Ppl



P&SI



OE&E



RSC





Business Analytics

Cognos. software

Express

BI and planning purpose-built for midsize companies

Analytic Applications

packaged reporting and analysis to optimize business performance

Controller

Consolidation and Corporate Reporting

TM1

On-demand Planning & Analytics

SPSS

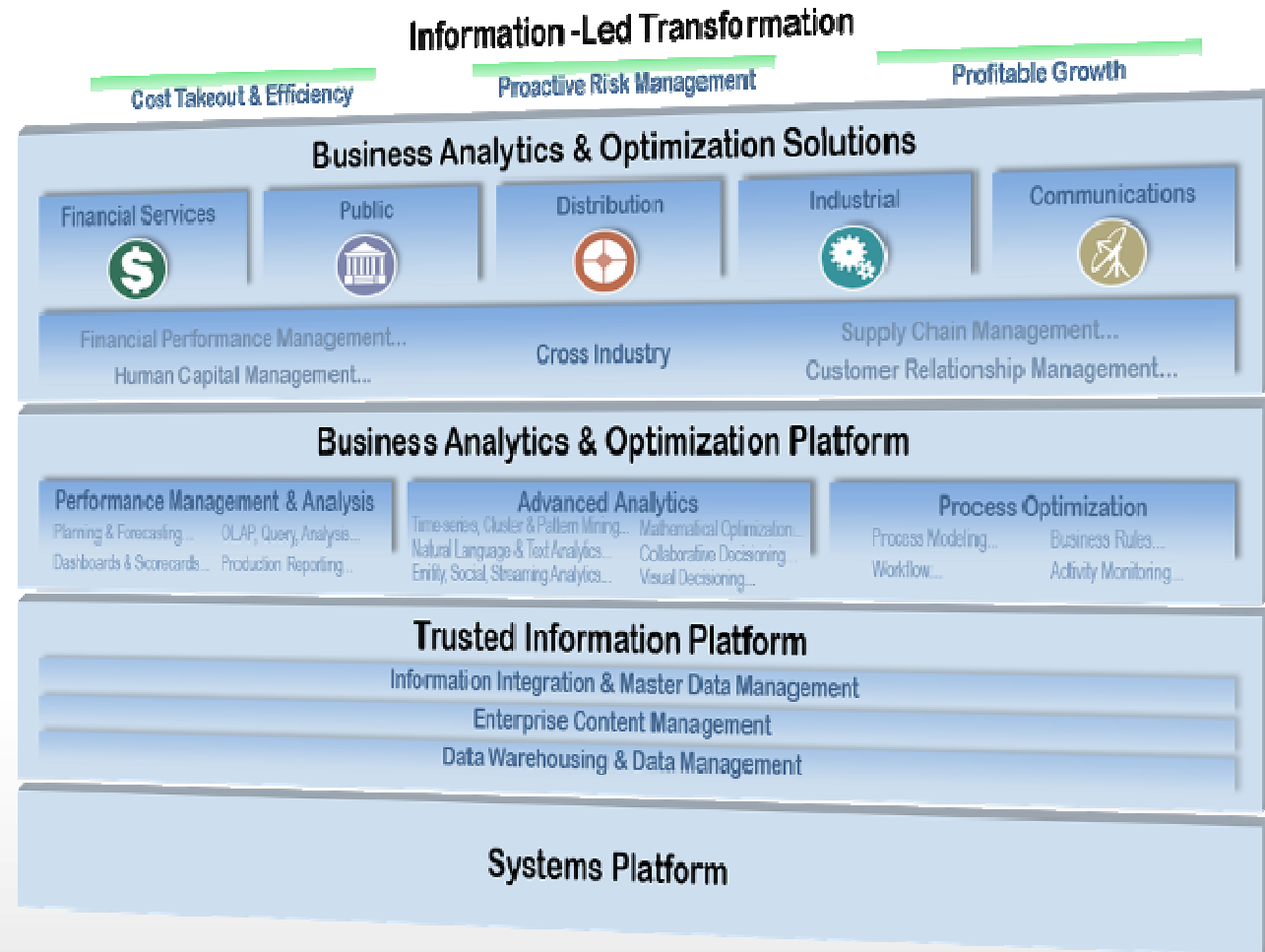
Predictive Capabilities

Business Intelligence

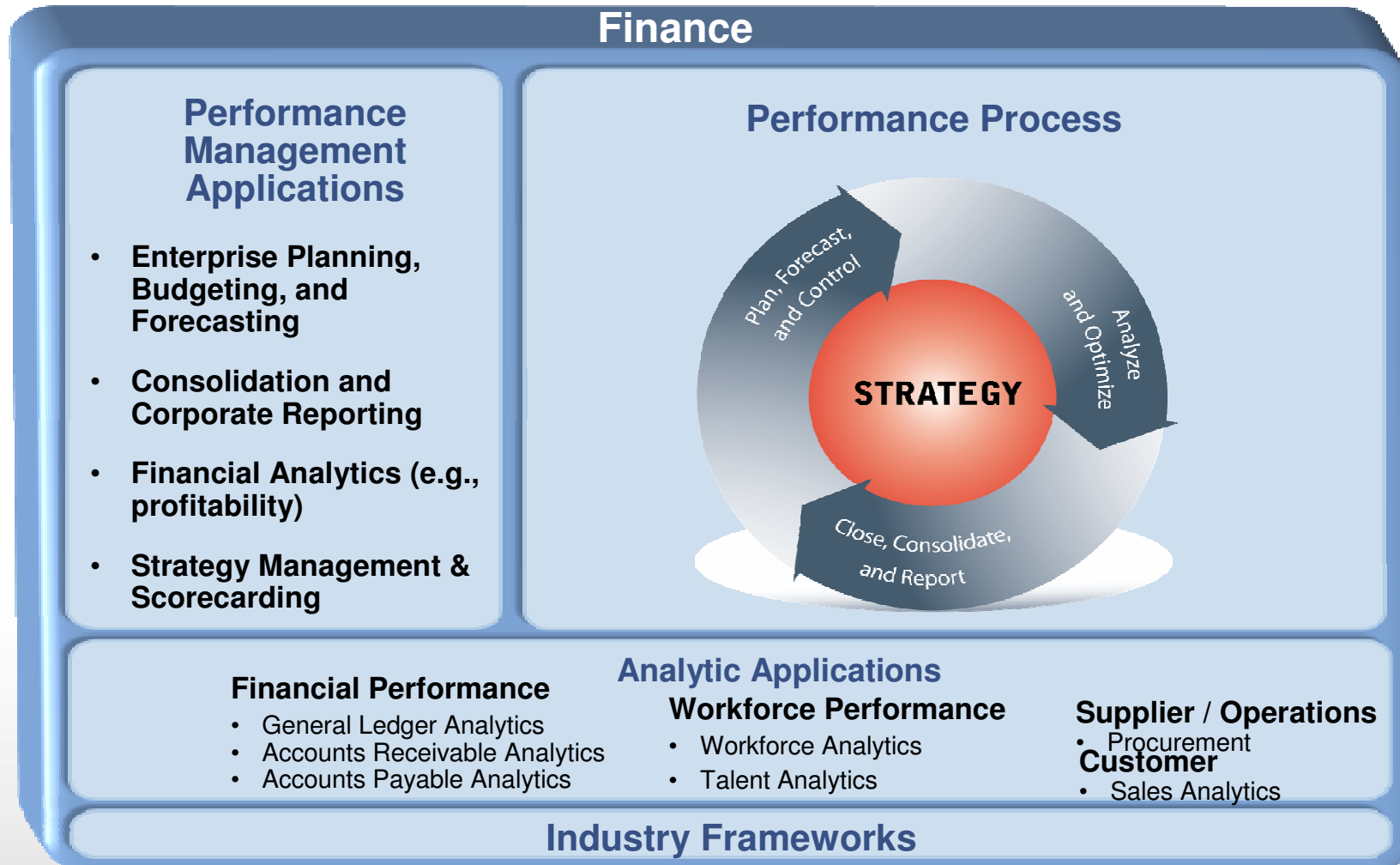
Reporting, Analysis, Dashboarding, and Scorecarding

Business Viewpoint

Dimension Management



Financial Performance Management





Agenda

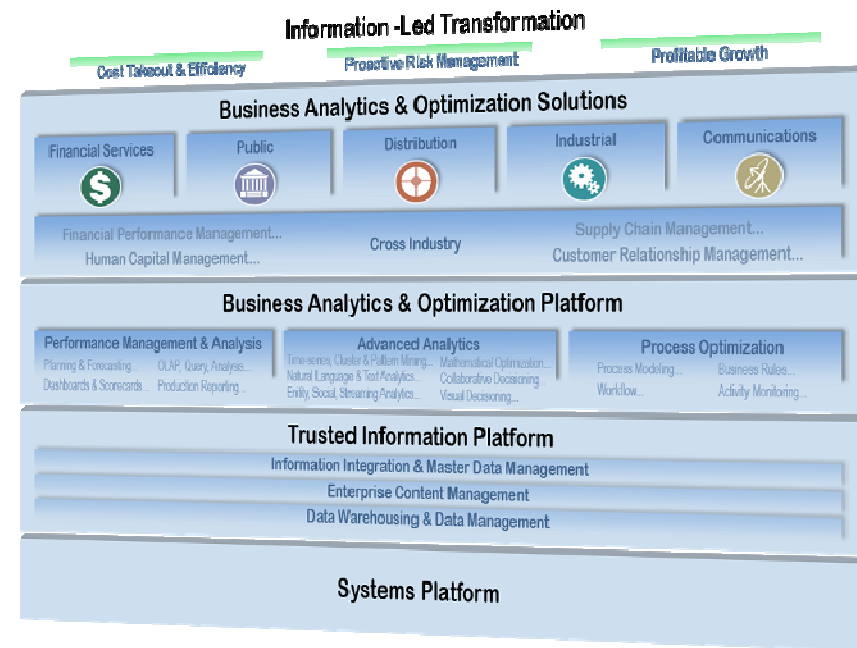
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IBM Cognos TM1

- A patented 64-bit read-write in-memory OLAP engine that provides **compact data storage** and exceptionally **fast performance**
- Model design and data access that presents business information in **familiar formats**
- **Ease of use**, thanks to a development environment that enables users to create sophisticated applications with no need for programming or traditional IT skills
- **An intuitive, flexible approach**, which enables users to easily express complex, multi-dimensional business rules
- **Fuses Analysis & Planning** together to provide greater accuracy
- A component of **Cognos Performance Management Platform**



IBM SPSS



Model Types

- **Classification**

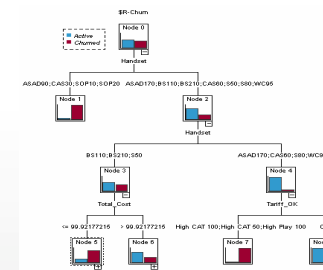
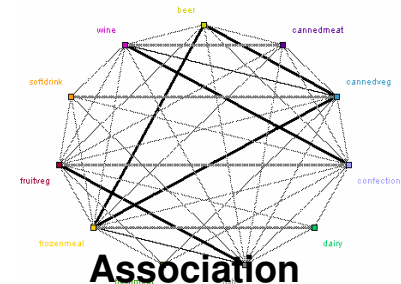
- Generate **statistical base line forecast**.
- Algorithms that are used to make predictions or forecasts based on historical data

- **Association**

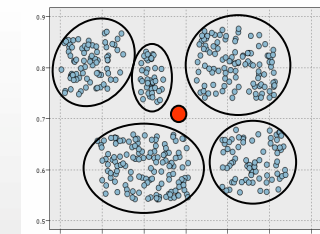
- **Validate forecast assumptions** and current drivers
- Algorithms that are used to discover associations (links) or sequence (Apriori, CARMA, Sequence)

- **Segmentation**

- **Identify forecast risks** in goal attainment
- Algorithms that are used to group (classify) as well as detect anomalies
- Anomaly detection is used to determine “who or what doesn’t fit?”



Classification

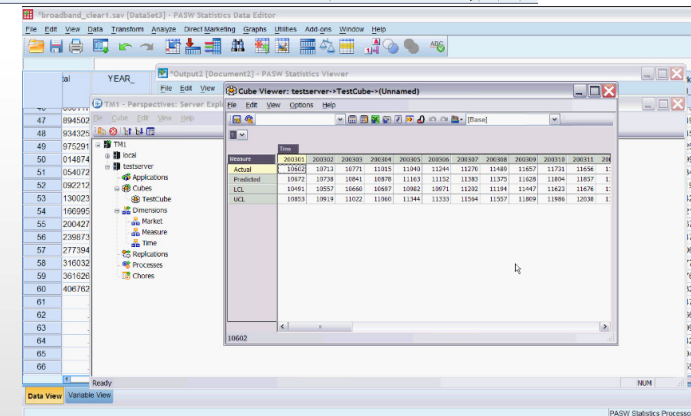
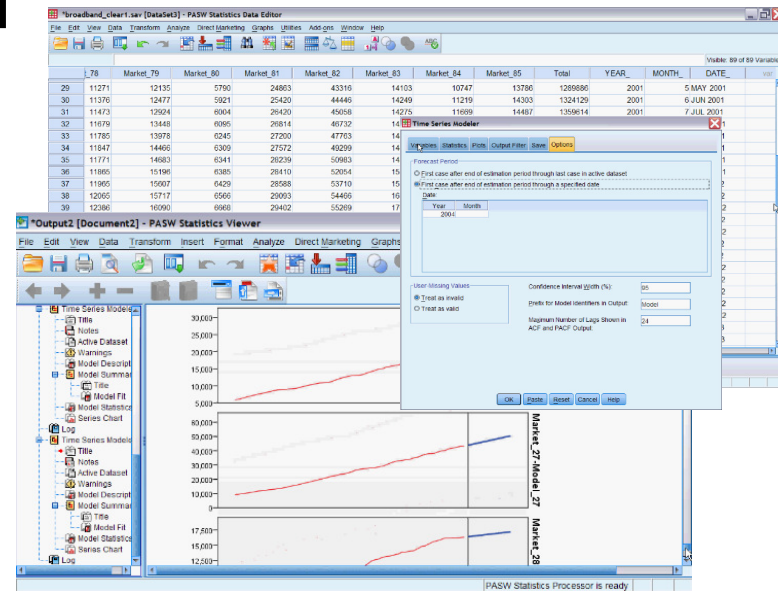


Segmentation

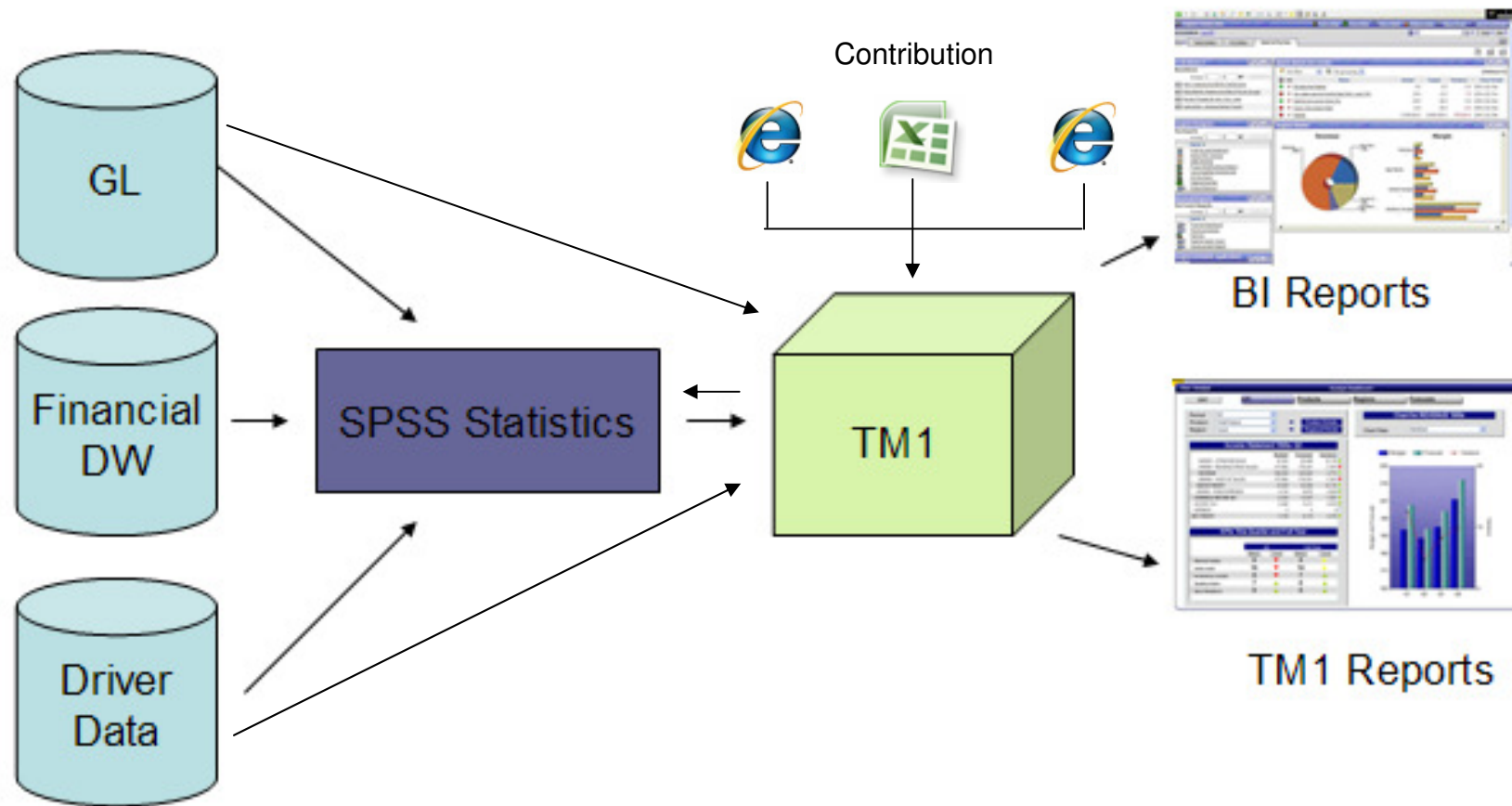
Predictive Forecasts with Planning for Optimal Outcomes



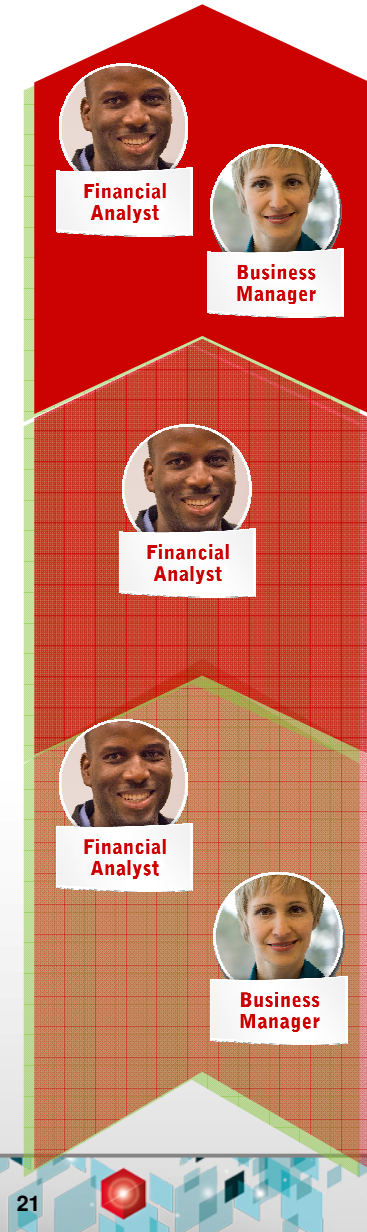
- SPSS to forecast future outcomes on historical data and driving factors
- Pre-populate TM1 plans with statistically significant forecasts for based line guide.
- Triangulate bottoms up plans; top down objectives and statistical forecasts to create risk-adjusted forecasts.
- Enables more proactive decision making, driving new forms of competitive advantage:
 - *Predict results and plan effectively to ensure optimal outcomes*



Advanced Planning and Analytics



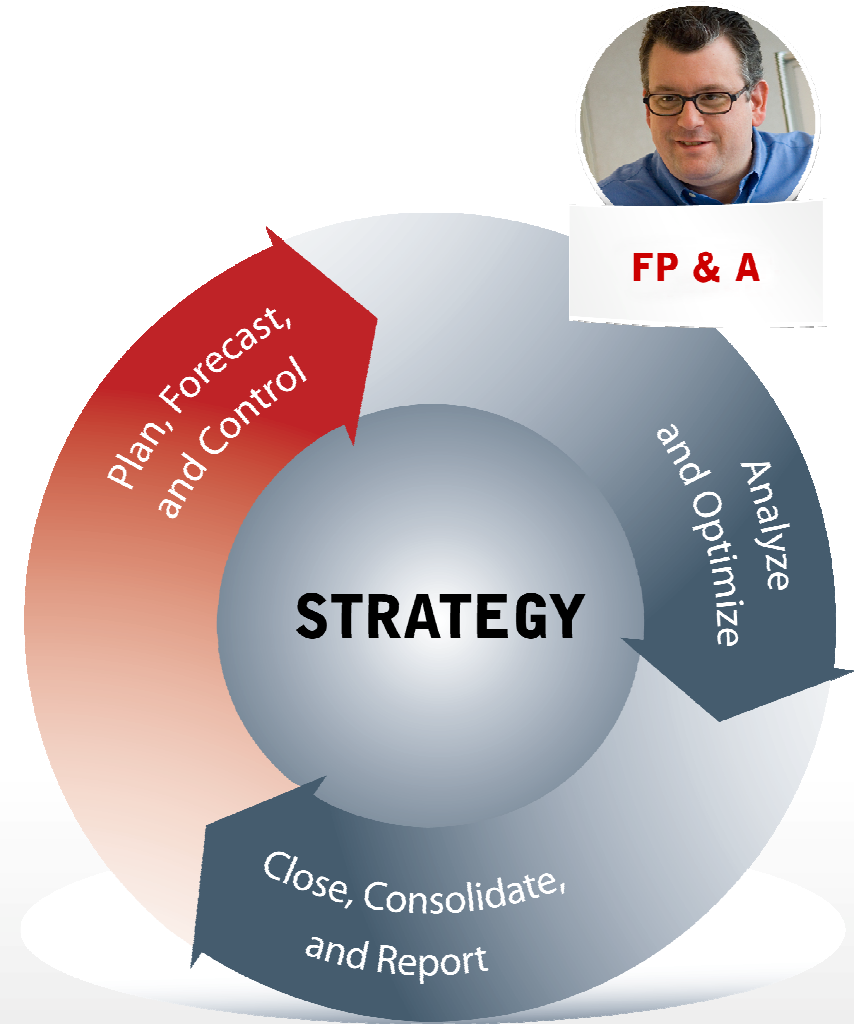
Evolving Customer Requirements



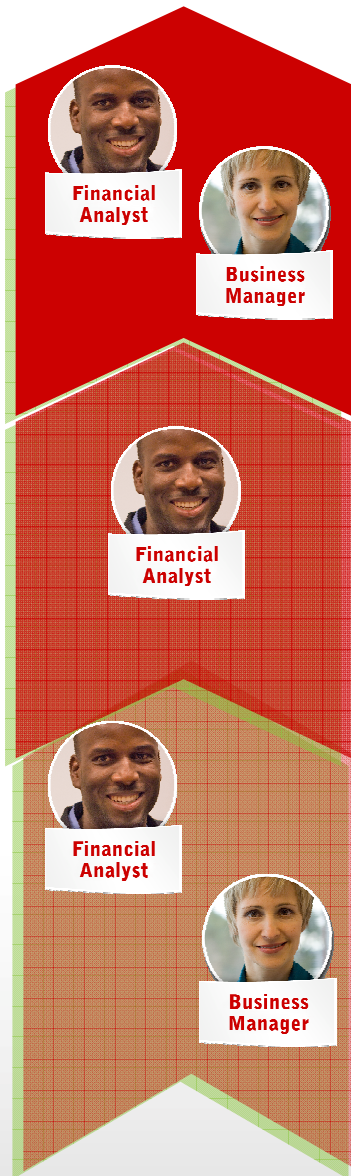
Contribute

Model

Analyze



Evolving Customer Requirements

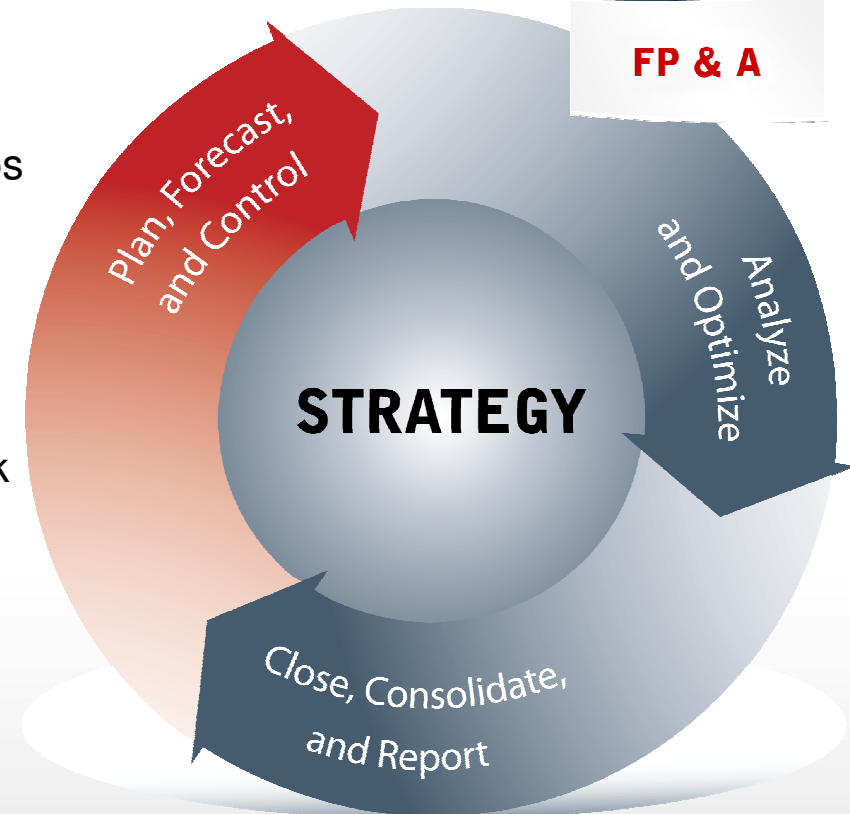


Contribute

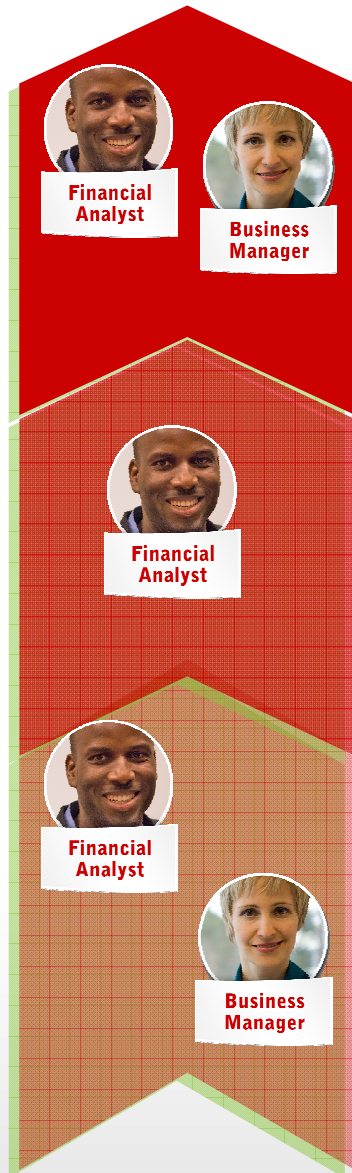
- Familiar Web & Excel Deployment
- Rich Workflow
- Multiple Personalized Scenarios based on statistical base-line forecasts
- Pick lists (driver execution)
- Undo/Redo feature
- Data Spreading and Breakback
- Analysis Embedded in Contribution Process
- Color code data changes
- Charting



FP & A

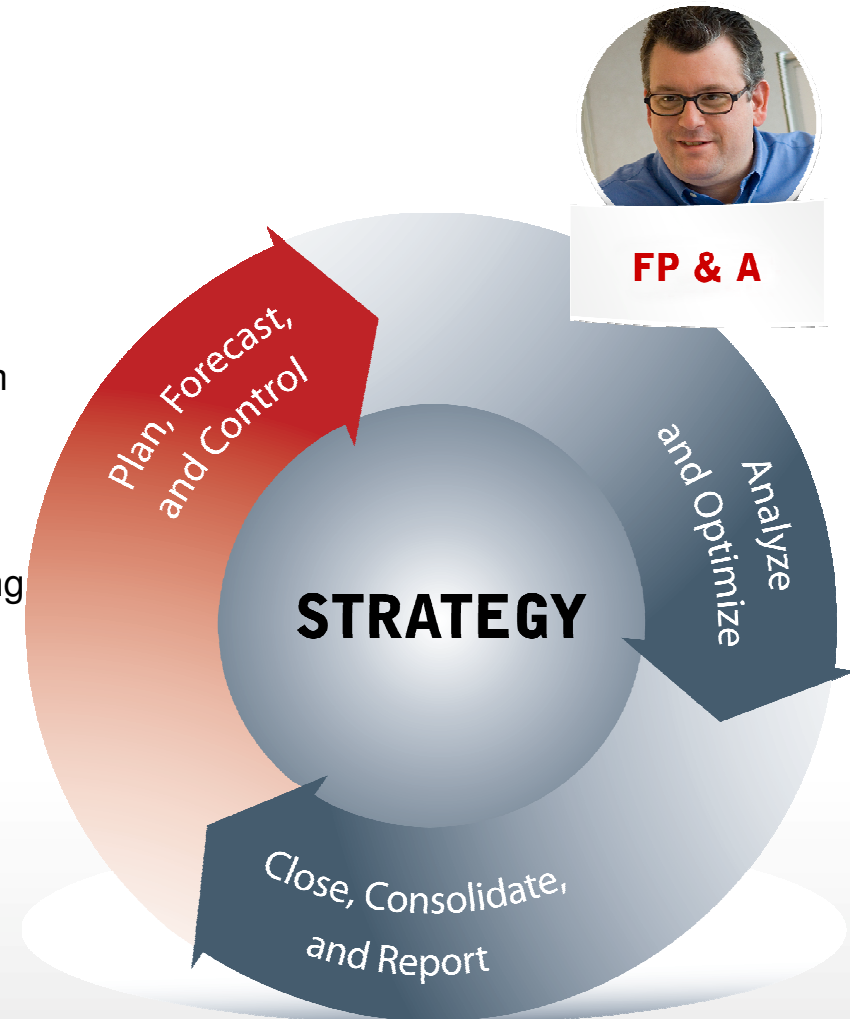


Evolving Customer Requirements

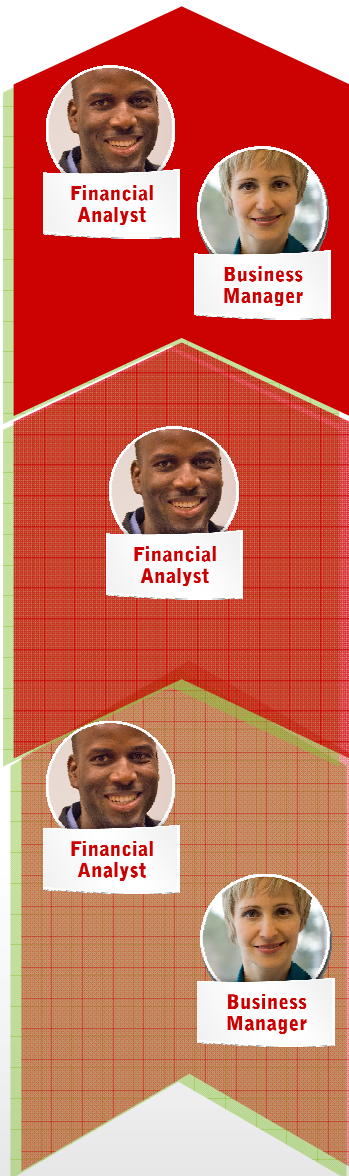


Model

- Centralized meta-data, data and business rule definitions
- Sophisticated Statistical capabilities to:
 - Generate statistical base line forecasts derived from historical data
 - Validate current forecast assumptions and drivers
 - Identify inaccurate planning
- Support of Planning Best Practices
 - Integrated Enterprise Planning Process
 - Driver based Planning
 - Rolling Forecasts
 - What-if Scenarios
 - Profitability Analysis

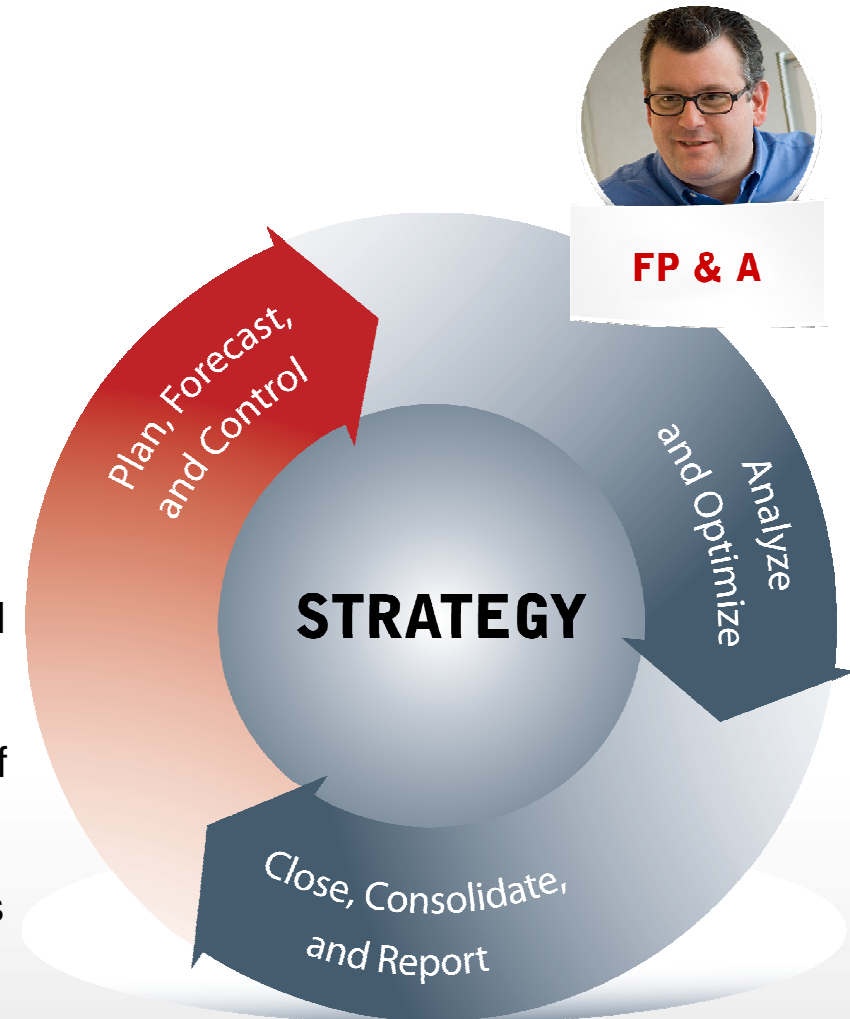


Evolving Customer Requirements



Analyze

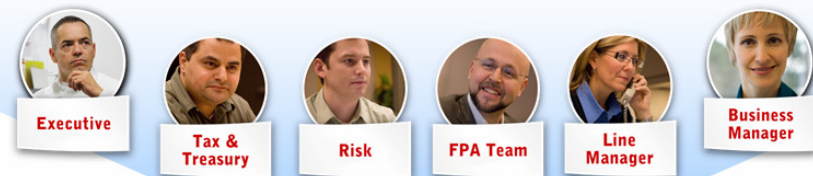
- Explore Performance Gaps
- Drill down, slice and dice
- Validate Corporate Drivers
- Define “What If” Scenarios
- Analyze up to 256 dimensions
 - Organizational, Product Family, Product/Channel Mix
 - Test confidence levels of What If scenarios
- Validate Planning Assumptions



Benefits



- Significantly improved process and shortened cycle times
- Increased accuracy of plans, budgets and forecasts
- High Participation & Data Volumes
- A Wider / Deeper View
- All data available at fingertips
- Full flexibility to customize according to your business needs
- Allows on the fly changes





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Key Reports and Analysis

Marketing Analysis

MAJOR PROGRAMS

CY Planning

MARKETING PLAN CONTRIBUTIONS

Cross-Sell Analysis

CROSS-SELL CAMPAIGN HISTORY

NEW CUSTOMER CAMPAIGN HISTORY

SEASONAL CAMPAIGN HISTORY

PROGRAM EXPENSES

CROSS-SELL CAMPAIGNS

1. Select the YEAR(s) for your Campaign exploration.

2008
 2009
 2010

Select all Deselect all

2. Then select the PRODUCT CLASS for which you wish to view Campaign Performance.

Product Class
 Flat Panel TVs
 Home Theater
 Blu-ray and DVD Players
 Receivers
 MSMA
 Car Audio

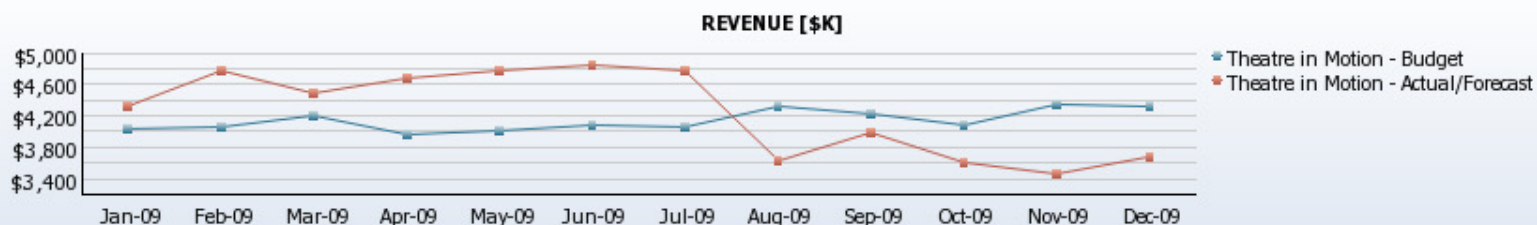
3. When you select a PRODUCT CLASS, the list of SKUs in that class will appear BELOW. Optionally choose SKUs to narrow your focus.

[Empty box for SKUs]

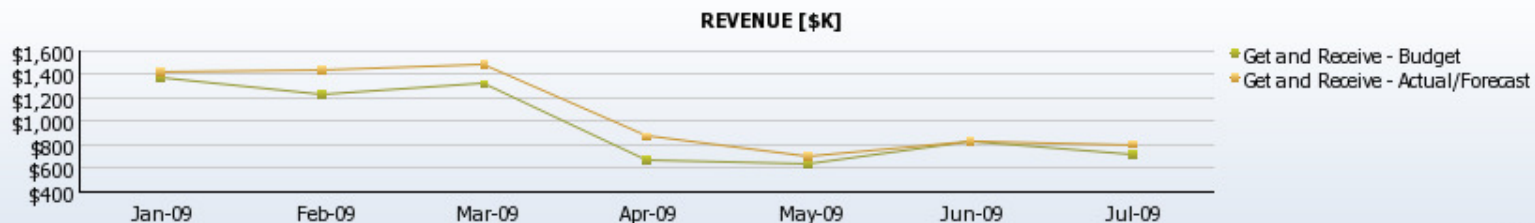
4. Press FINISH apply your filters.

Finish

Theatre in Motion



Get and Receive



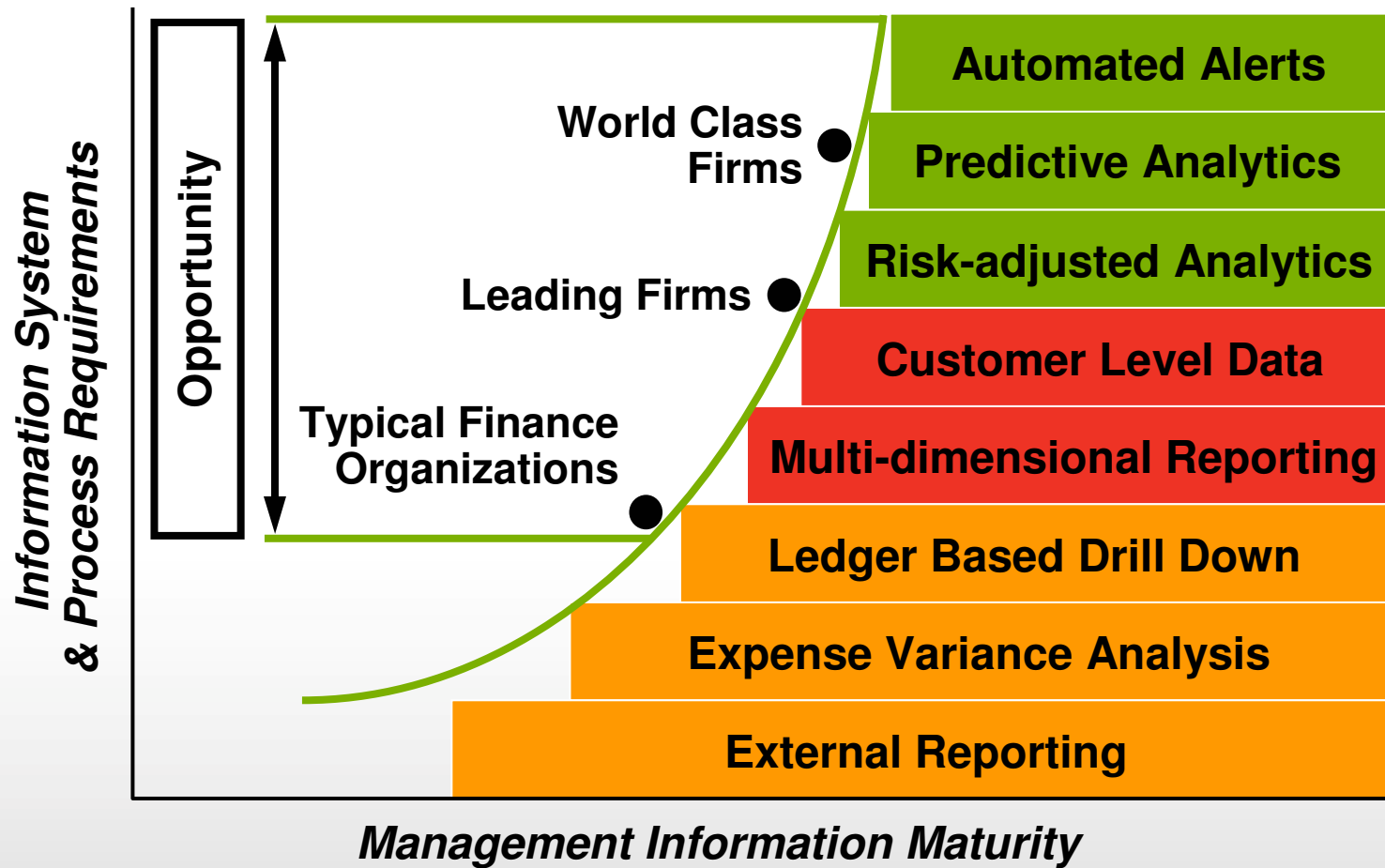


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Performance Management & Analytics Maturity Model



Additional Information & Assets



Welcome to the world of championship high performance.

Connect. Collaborate. Innovate.

The IBM Cognos® Innovation Center for Performance Management is a forum and resource center that was created to assist organizations seeking innovative concepts, functions and business practices that they can use to achieve higher levels of performance.

The Innovation Center brings together technology experts, finance professionals and performance management thought leaders to promote proven techniques, technologies and best practices in performance management. Connect with peers and industry leaders as you learn from their experience.

Desktop Widget

The Cognos Innovation Center desktop widget enables delivery of the latest resources, news and events directly to

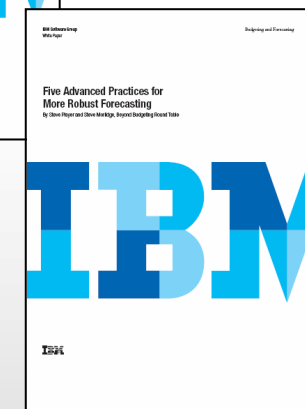
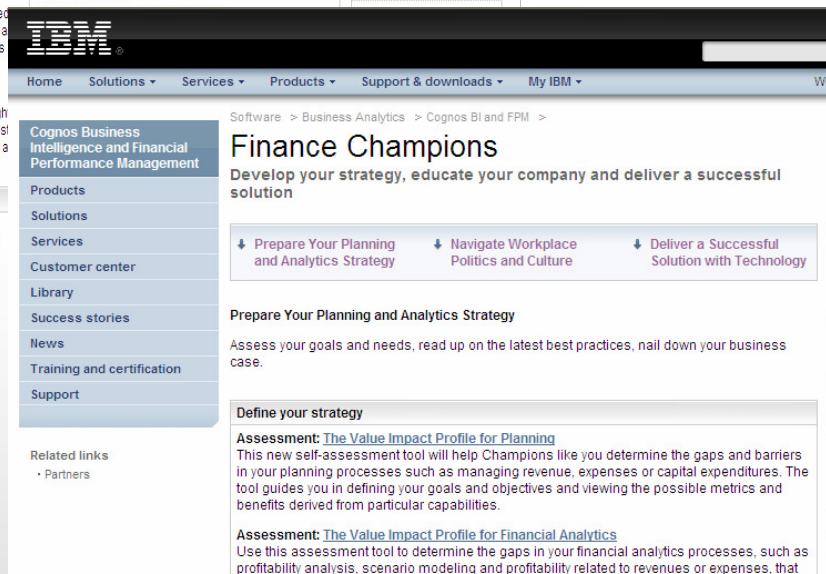
Live Events

Join us in a city near you for workshops that will discuss best practices and strategy:

- [Strategy/Execution](#)
- [Rolling Forecasts](#)

Cognos Innovation Center Communities

- [Innovation Center Online Community](#)
- [Follow us on Twitter](#)



Accelerated Success



Planning the Journey

- C-Level Studies (IBM Research)
- The Performance Manager Book
- Product and Solution Demonstrations

Getting a Fast Start

- Industry Blueprints
- Analytic Applications
- Mid-Market Application

Extending the Value

- Innovation Center
- Champion's Kit
- Performance Management Workshops
- Education, Training & Services

And link up with local experts



Financial Management

Revenue Management

Expense Management

Asset Management

IBM COGNOS ANALYTIC APPLICATIONS

Customer Workforce Finance Supply Chain

2010 CHIEF FINANCIAL OFFICER STUDY

The PERFORMANCE Manager

Proven Strategies for Turning Information into Higher Business Performance

The New Voice of the CIO

Insights from the IBM Global Chief Information Officer Study 2009

Business Analytics Blueprints

DISTRIBUTION

EDUCATION

GOVERNMENT

COMMUNICATIONS

BANKING

LIFE SCIENCES

INSURANCE

HEALTHCARE

INDUSTRIAL

IBM Cognos Express

Express Reporter, Express Advisor, Express Explorer

Query & Reports, Analyze & Visualization, Exact-based Planning & Analysis

Centralized Administration & Data Management

IBM Cognos Innovation Center for Performance Management

IBM Cognos Software

IBM Cognos Innovation Center for Performance Management

Welcome to the Innovation Center for Performance Management

IBM Cognos Champion's Kit

IBM Cognos Champion's Kit

Drive BI Success for Business Impact

Decide & Act

TRAINING

CONSULTING

SUPPORT

What is likely to happen?

Why?

What is happening?



Performance Pain

- Need for greater accountability, deeper in the organization
- Need to centralize expense planning
- Need for more consistent views of data

IBM Cognos software Impact

- Provide centrally managed data to analyst communities so they can focus on providing the value-added analysis to drive business;
- Reduce its application footprint;
- Reduce the IT delivery expense associated with supporting the finance function;
- Focus on end-user productivity by streamlining data delivery, providing the right metrics to individuals based on their roles.

- Improved ability to identify drivers of top-line revenue growth, analyze expense constraints, identify risk and address SOX compliance issues.
- Centralized planning reduced the footprint for financial planning by retiring 20 disparate applications
- Able to preserve analytics and reporting flexibility while driving more standardization.

“Finance can focus on providing value-add analytics to drive the business.”

***Marc Berson,
Director Business Analytics,
IBM Corporation***





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