

# Smarter Analytics for the Office of Finance: Transformation through Business Analytics

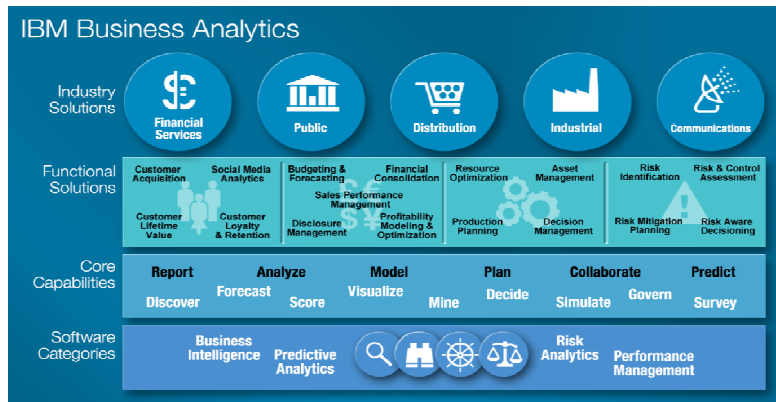


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## Executive Summary:

IBM has a wide array of Business Analytics solutions to help senior executives transform their enterprise



**Cognos TM1** is a leading edge solution for Enterprise Planning, Analysis & Forecasting



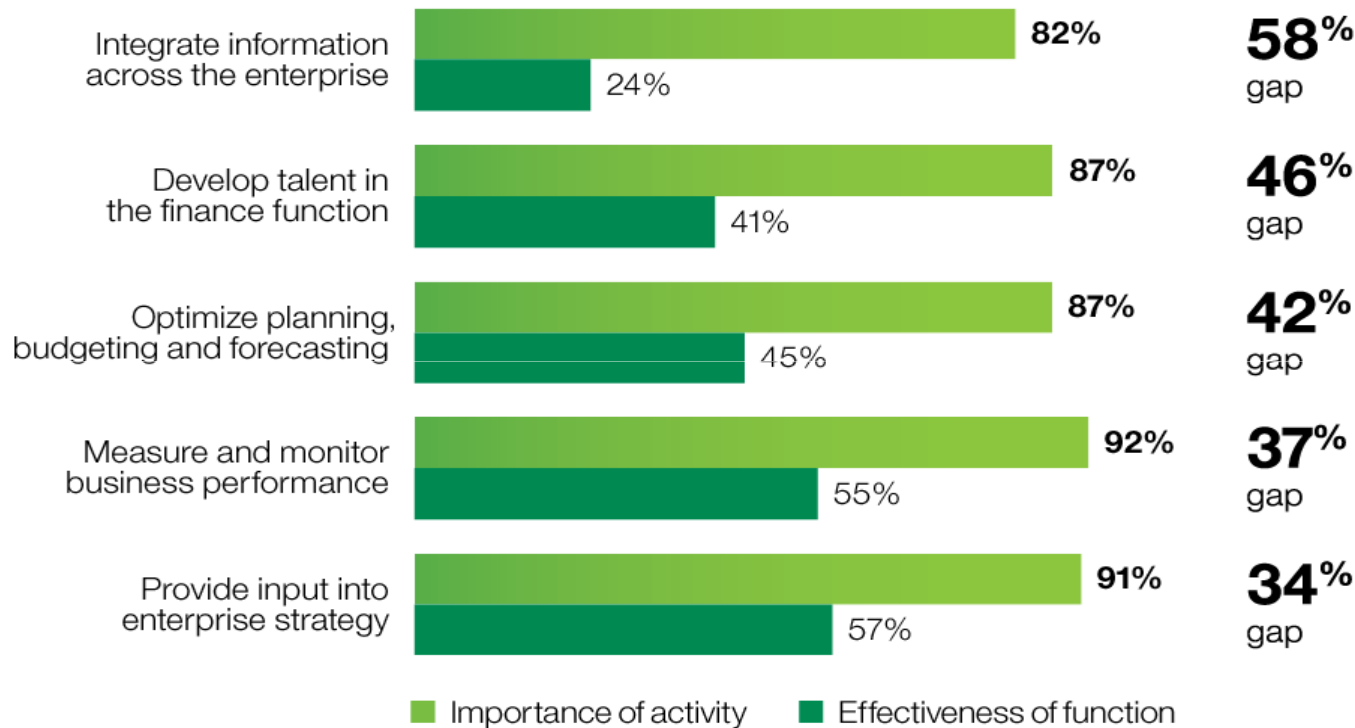
**SPSS** has a proven track record of helping businesses move from just measuring/tracking to predicting outcomes to drive performance



**Cognos SPM** is IBM's Sales Performance Management Solution addressing the need to manage Incentives, Quotas, Territories and Channel

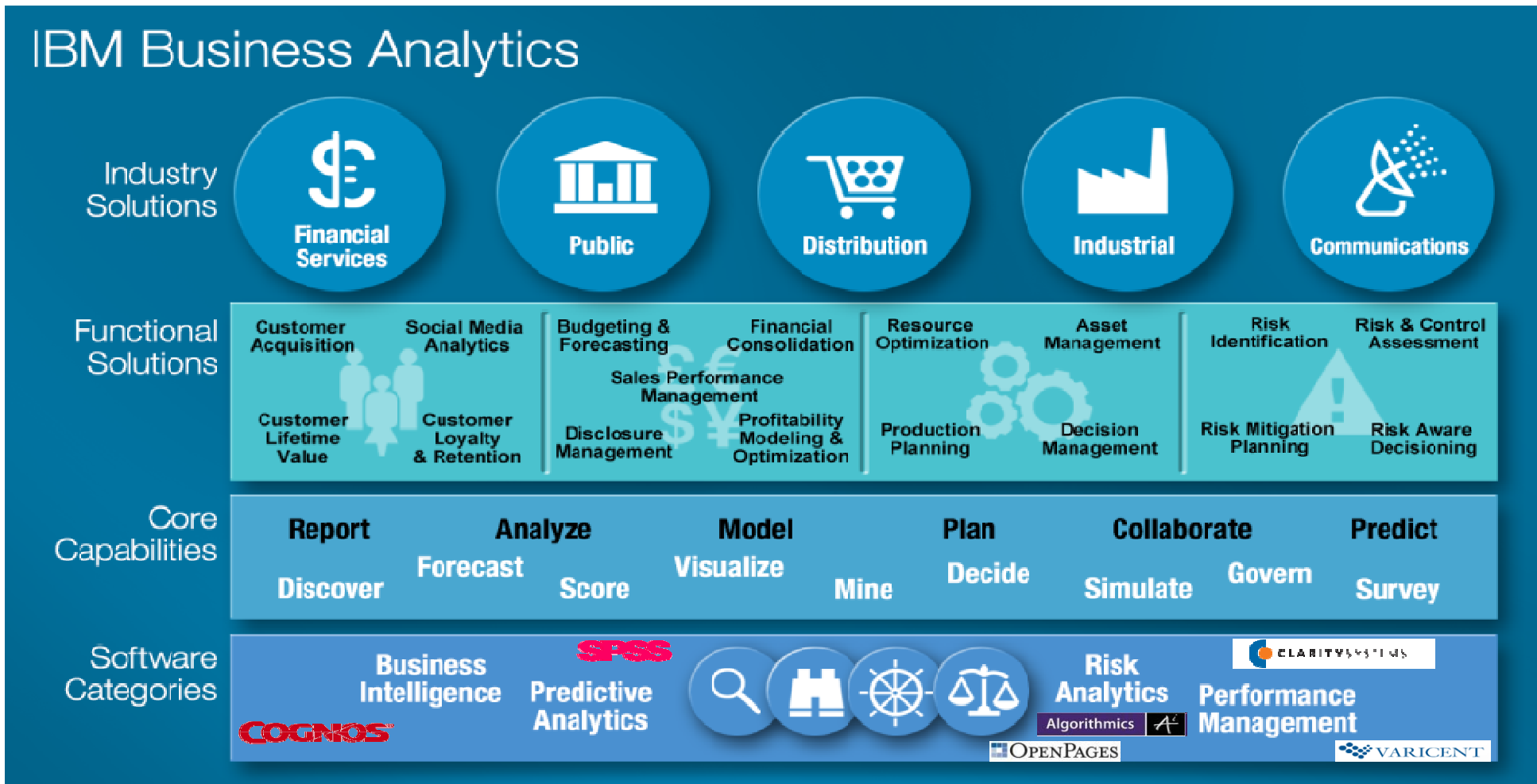


## Surveys show that CFOs want to improve in several areas but perceive gaps in their organizations capabilities



The Customer-activated Enterprise,  
Insights from IBM's Global C-suite Study,  
IBM Institute for Business Value, October, 2013

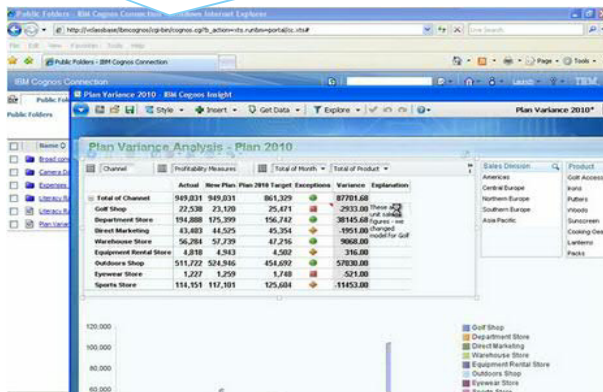
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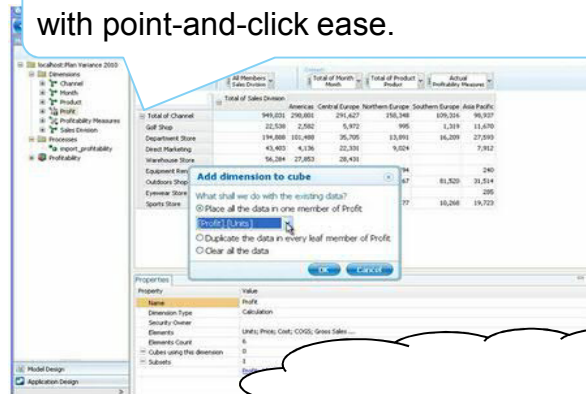
# Cognos TM1 is a leading edge solution for Enterprise Planning, Analysis & Forecasting

- **Powerful planning and analysis** – Create and analyze sophisticated plans, budgets and forecasts, even those based on large data sets.
- **Integrated scorecards and strategy management** – Model metrics to measure progress toward objectives and link them dynamically to actions and forecasts.
- **Flexible modeling** – Develop and deploy even the most complex planning and analysis models using a guided modeling environment.
- **Engagement with more users** – Engage users from across the organization in high-participation planning and collaborate with remote and distributed users through a range of mobile devices, including the Apple iPad.
- **Cloud-based deployment option** – Provide all the functionality of the on-premise solution with optional cloud-based deployment.

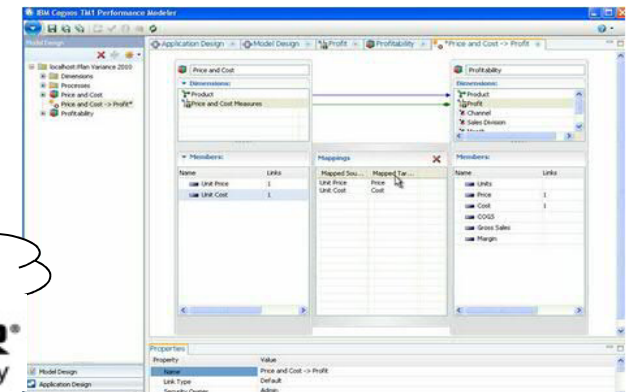
**Dashboards:** Cognos TM1 plans can be published in easy-to-customize dashboards.



**Cubes:** Add dimensions to data cubes with point-and-click ease.

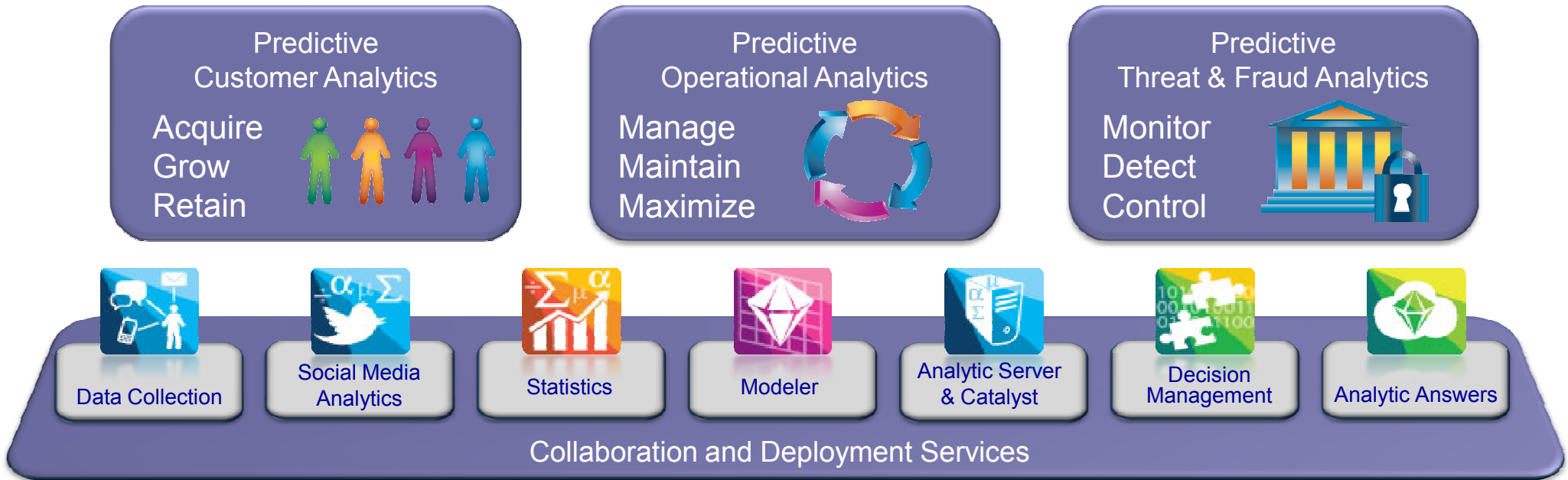


**Rapid Plan Modeling:** an innovative environment for rapid plan modeling.

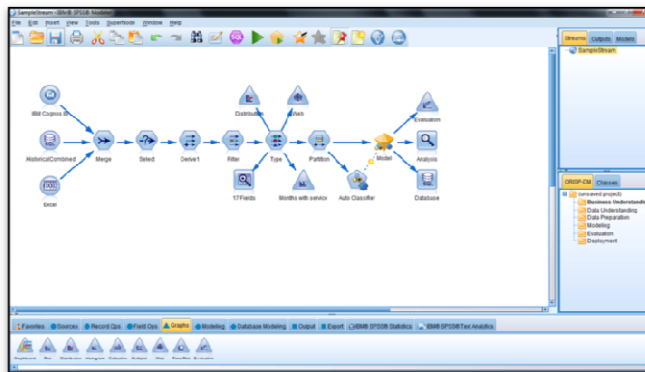
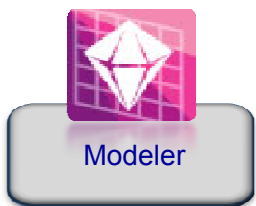


**SOFTLAYER**  
an IBM Company

SPSS has a proven track record of helping businesses move from just measuring/tracking to predicting outcomes to drive performance



Example:



- Easy-to-use, interactive interface without the need for programming
- Automated modeling and data preparation capabilities
- Access ALL data – structured and unstructured – from disparate sources
- Providing a range of advanced analytics - text analytics, entity analytics, social network analysis, decision management and optimization.

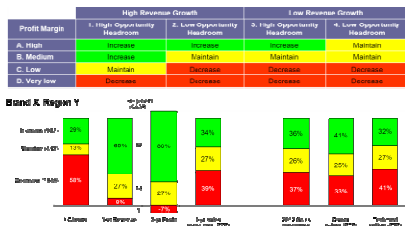


Business Analytics has been successfully applied within IBM to address a wide range of performance management challenges

Examples of Performance Management

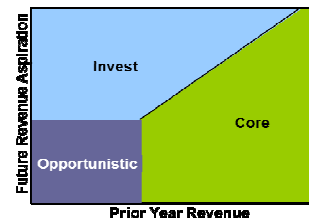
Coverage Optimization with Profitability (COP)

Sales coverage optimization through client-level profit estimation



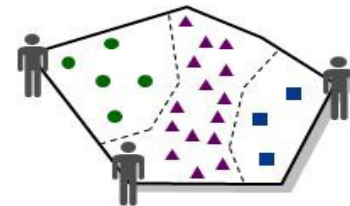
Market Alignment Program (MAP)

Client-level view of opportunity for resource allocation



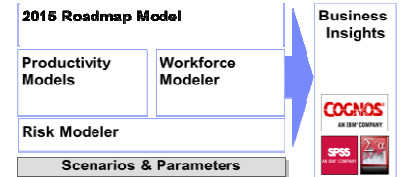
Territory Optimization Program (TOP)

Optimization of sales territories for individual sellers



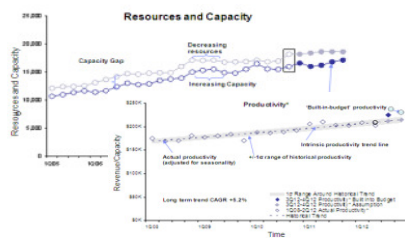
Smarter Enterprise Enablement

Integrated environment for strategic planning, modelling, and optimization



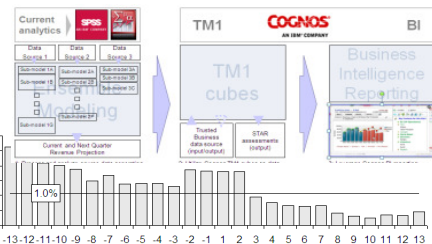
Capacity and Productivity (CAP)

Sales capacity and productivity analysis



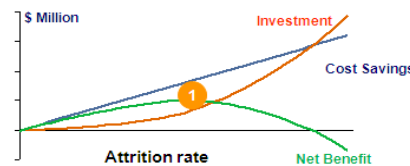
STAR

Statistical revenue forecasting



Proactive Retention

Optimization of investments in employee retention



M&A Risk Management

Risk assessment and mitigation in integration of acquisitions



Today's Focus

# Smarter Enterprise Enablement is an integrated planning platform featuring advanced analytics functionalities enabled by Cognos TM1 and SPSS

## Analytics Capabilities

- Sensitivity Analysis
- Uncertainty Analysis
- Goal seek
- Optimization

## Scenario Analysis

- Ability to change the operating levers and quantify the impact on the key financial metrics

## BI Reports

- Trends Analysis, Correlation Analysis, Contribution Analysis, etc.

## Long-Term Strategic/Financial Planning Model

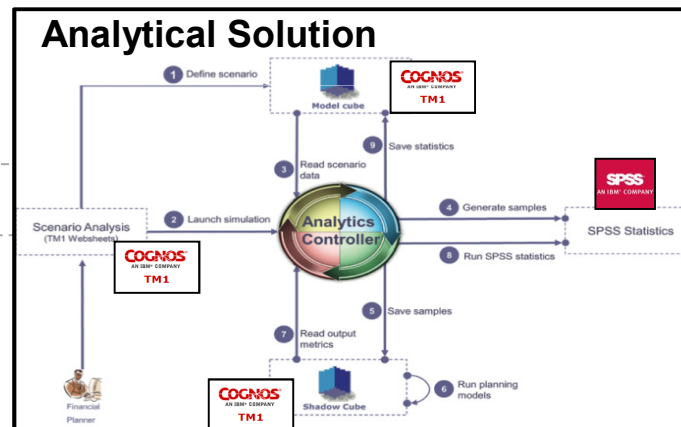
- Automated bottom-up, consumable, real time financial planning
- What-if scenarios for operating levers & risks
- Integrated and aggregated across Business Units and geographies

## Simulation Framework

- Facilitates generation of simulated scenarios covering a range of assumptions and respective outcomes to enable application of broader business analytics

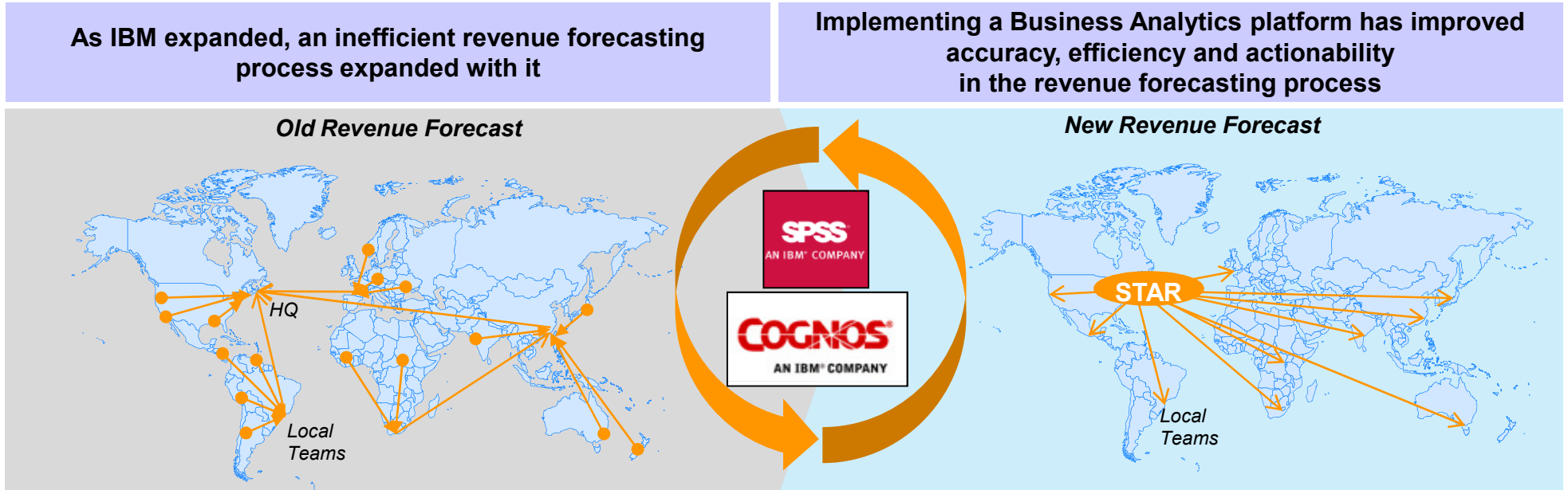


- Leverages **Cognos TM1** for operating-lever driven modeling of financials and resource requirements at BU and enterprise level, which enables “what if” scenario capability to model and analyze the impact of different assumptions on the business
- **SPSS** serves as the key enabler in Monte-Carlo simulation of the enterprise in order to adequately account for risks and uncertainties in the planning process





STAR is a centralized and accurate revenue forecasting program that replaces inefficient fragmented legacy processes



- 1 25 geographies and 12 divisions spend hundreds of hours each week assessing, reviewing and consolidating forecasts
- 2 Local teams apply inconsistent methods depending on their skill level using error prone spreadsheets



- 1 Centralised team maintains the automated end-to-end process



- 2 Reports are immediately available to all analysts, controllers and general managers



- 3 Delivers more accurate forecasts using best of breed statistical methods



- 4 Forecasts up to 6 months out, not 3 months, are the new global norm



- 5 Leverages existing global data sources so to not introduce new processes



Celio, an IBM client, is reducing inventory, improving stock availability and increasing revenue and profit margin

### CHALLENGE

- Celio needed an advanced planning solution to have a better way to plan for the seasonal release of 24,000 total combinations of clothing styles, sizes and colors

### SOLUTION

- Analyzed 156 weeks of sales records and other data
- Applied historical patterns to forecast demand for upcoming product lines

### RESULTS

Investing \$195k in IBM Cognos TM1 software for merchandising and planning, Celio expects

- to reduce inventory by 1.5 percent, resulting in a potential **savings of EUR6 million**
- to achieve **5 percent growth in sales volume** by improving stock availability
- to **increase profit margins and increase sales revenue** per square foot of store

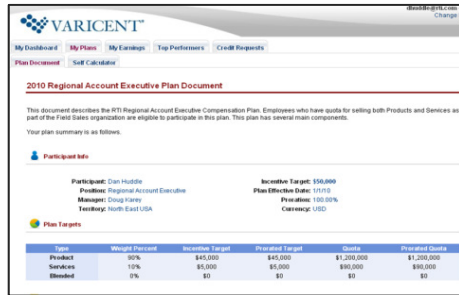


Celio is an international men's clothing retailer based in Saint-Ouen, France.

Founded in 1985, the retailer caters primarily to the continental European market, aiming to provide fashionable, affordable clothing.

# Cognos SPM is IBM's Sales Performance Management Solution addressing the need to manage Incentives, Quotas, Territories and Channel

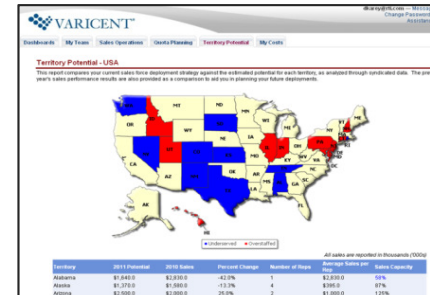
## Incentive Compensation



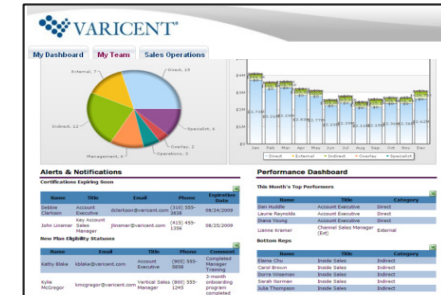
## Quota



## Territory



## Channel



## Benefit Areas and Examples:

### ENABLE & MOTIVATE SALES TEAMS

- ▶ Added 5-6 hours of selling time per rep per month
- ▶ Cross-sell ratio (products owned per customer) increased from 2 to 5.66



### BOTTOM LINE IMPROVEMENTS

- ▶ Over \$1 million in reduced commission overpayments lead to system payback in 1<sup>st</sup> year
- ▶ Improved plan management increased profit margins by 25%



### DRIVE OPERATIONAL EFFICIENCIES

- ▶ Payout process reduced from 2 weeks to 2 days.
- ▶ Went from hundreds of spreadsheets with manually entered data to one simple system



### FLEXIBILITY TO ADAPT

- ▶ Reduce times to set up new plans by 250 hours annually
- ▶ Modeling allows simulation of plan changes or adding new components prior to rolling out



## Waste Management had 100% ROI payback in first 6 months of implementing Cognos SPM for Compensation Plan management

### CHALLENGE

- Reducing the time and expense for managing complex compensation plans
- Providing business insight for the sales force and senior management to better understand customer information, as well as individual and corporate performance
- Enabling a pay-for-performance program for management, sales and hourly employees

### OBJECTIVE

Complete solution, beyond pure Incentive Compensation Management

- Ability to integrate with SAP, PeopleSoft and other core systems
- Personalized dashboards for sales personnel, managers and executives
- Guarantee of meeting weekly payroll demands

### SOLUTION

Cognos SPM was selected to provide incentive compensation management, territory management, quota planning and performance analytics for better control, management and visibility into variable pay programs for Waste Management's sales personnel and drivers across North America

### RESULTS

- 100 percent ROI payback within the first six months of the system implementation
- Gave sales team more time to sell by eliminating administrative burdens (10,000 manhours per month)
- Variable pay program for drivers increased productivity, customer service and profitability
- Compensation calculations and payments have an audit trail, facilitating Sarbanes-Oxley compliance



Waste Management, Inc., (NYSE: WMI), based in Houston, Texas, with over \$13 Billion in annual revenues is the leading provider of comprehensive waste management services in North America.

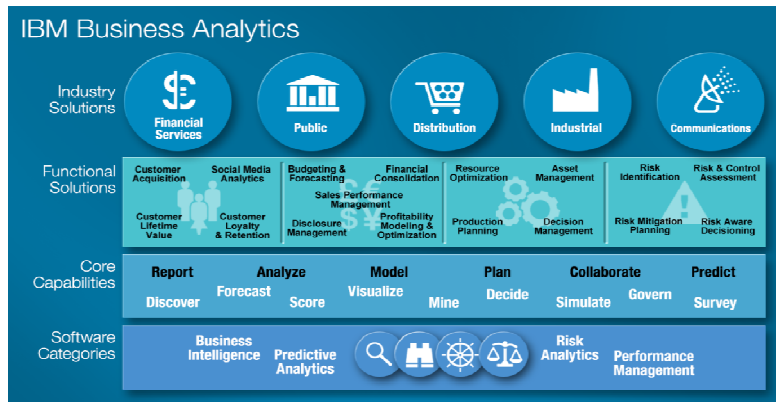
IBM also offers a disciplined approach and tools to assess business value that can be captured from use of BA solutions

Business Assessment Tool - Screenshot

Benefit Overview		Include In Analysis	Year 1	Year 3	Year 5	Click To Review Calculations
Benefit 1	Reduced FPM Software and Hardware Licensing Cost by Standardizing on the IBM Cognos FPM Platform	<input checked="" type="checkbox"/>	\$960,000	\$2,880,000	\$4,800,000	<a href="#">Review Calculation</a>
Benefit 2	Increase enhanced analysis capabilities for processes owners, contributors and executive decision makers where by enabling direct impact on improved earnings quality and incremental revenues	<input checked="" type="checkbox"/>	\$1,500,000	\$4,500,000	\$7,500,000	<a href="#">Review Calculation</a>
Benefit 3	Decrease Time Spent Dedicated to Collecting, Manipulating and Validating Source Data at the Beginning of the FPM process	<input checked="" type="checkbox"/>	\$825,000	\$2,475,000	\$4,125,000	<a href="#">Review Calculation</a>
Benefit 4	Decrease Planning Cycle Timeframe and Increase Inclusion of Plan Contributors via the Extension of IBM Cognos Planning Secure Distributed Architecture	<input checked="" type="checkbox"/>	\$540,000	\$1,620,000	\$2,700,000	<a href="#">Review Calculation</a>
Benefit 5	Decrease IT Involvement in the Planning Process and Improve Data Accessibility for Finance through an Integrated, Streamlined Process Enabled by IBM Cognos FPM Solution	<input checked="" type="checkbox"/>	\$406,250	\$1,218,750	\$2,031,250	<a href="#">Review Calculation</a>
Benefit 6	Increase Business User Productivity via the Extension of IBM Cognos Self-Service Authoring Capabilities	<input checked="" type="checkbox"/>	\$187,500	\$562,500	\$937,500	<a href="#">Review Calculation</a>

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Let's discuss a business challenge you'd like to solve and get going!

