

The Next Level of Performance

**Smarter Analytics for the Office of Finance :
Converged Performance Management**

LEXKEN →

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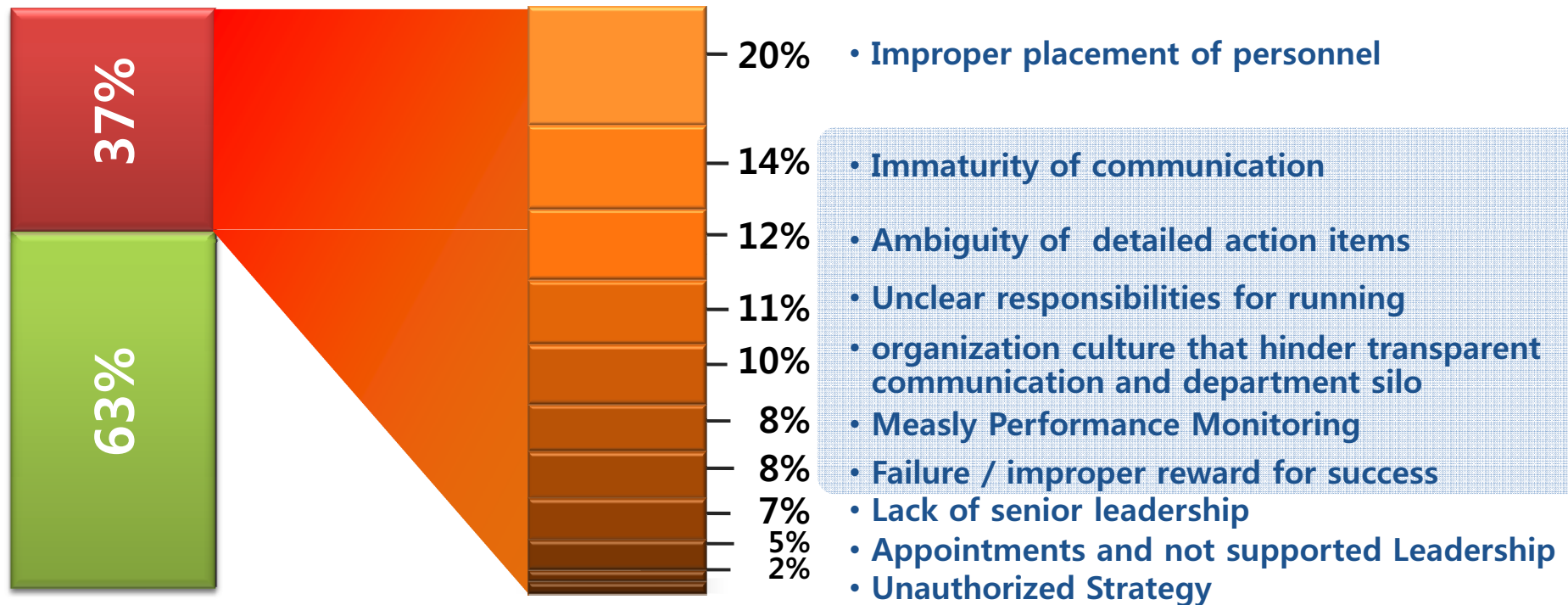
Execution is the name of the game

Contribution rate of financial performance



Cause of failure to achieve strategic goals

Strategic objectives did not run effectively,
37% performance degradation



Source: Harvard Business Review – Turning Great Strategy into Great Performance, Mankins and Steele, July 2005

2. Issues of Current Financial Performance Management Systems, and Next Actions

“Gartner still estimates that nearly 50% of large enterprises and 75% of midsize businesses are using spreadsheets or legacy applications to meet their core management process for financial performance management, financial consolidations and financial reporting.”

Source: Gartner - Magic Quadrant for Corporate Performance Management Suites ID Number: G00172934

“Through 2012, more than 70% of organizations will fail to implement CPM outside finance”

“Most organizations have a fragmented approach to CPM. Strategic management is not linked with operational activities, financial planning is not linked to other planning processes, and the financial close and reporting processes are disconnected from management reporting processes.”

Source: Gartner - Corporate Performance Management Must Move Beyond Finance ID Number: G00171616

2. Issues of Current Financial Performance Management Systems, and Next Actions

Recent financial performance management is focused on agility according to response to rapid changes rather than details and complexity, and its importance has increased as a management tool in conjunction with performance management, business planning and profitability analysis.

Paradigm shift in management



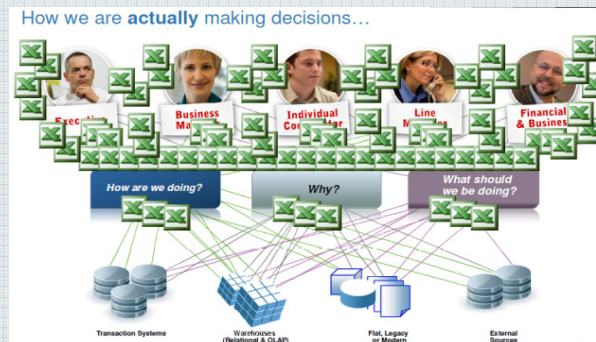
✓ Status

- Rapid changes in business environment variables
- Requirement for transparency and reliability of financial information increases
- Strategic agility required (Long time for decision making)

✓ Requirement

- Standardized enterprise financial performance management logics
- Development of market forecast capability

Efficiency of work plan



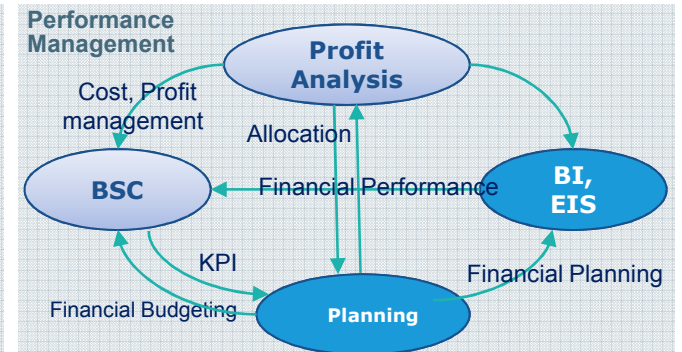
✓ Status

- Too much time for data collection and refinement is used
- Planning models cannot be modified without IT support
- Data inconsistencies / distortion
- Increasing complexity of business
- Consuming tasks such as complex allocation

✓ Requirement

- Data collection through the system with automated allocation processes
- Collaborative operation

Building basis for a converged business management



✓ Status

- Requirements for LOB / Responsibility management
- Disconnection between strategic planning and operational control

✓ Requirement

- Establishing basis for a converged strategic management on a single platform
- operating and integrated management system (Master data setting)
- Plan has to be produced in conjunction with consolidated accounting

2. Issues of Current Financial Performance Management Systems, and Next Actions

Issues

- Due to application of excessively detailed logics, financial performance management system is being built so heavily, failing understanding of participants.
- When organizations and products change or are added, it is so difficult for the system to respond fast to the changes.

Complex financial performance management Logics

- Lack of reliability and consistency of ERP data
- ERP data correction required whenever adding additional features.
- ERP data have to be interfaced with many other legacy systems to explain properly.

Lack of consistency of the existing ERP data

- Lack of the necessary information for decision making
- The BI system has been used not for analysis but just for simple queries
- After implementation, utilization rate is gradually lowered.

Simple BI system has been used as a substitute for performance management.

2. Issues of Current Financial Performance Management Systems, and Next Actions

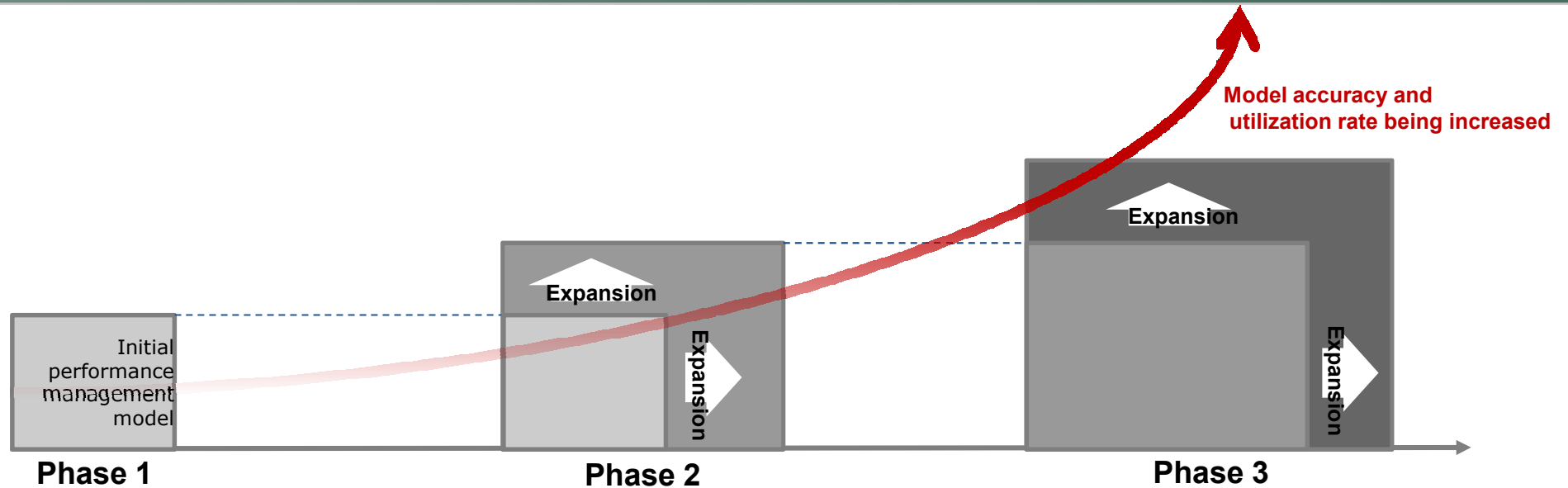
Directions

1 Flexible and scalable system for continuous development and changes of business logics.

2 Model design considering both business requirements and system support at the same time.

3 Design considering expansion.

1. Flexible and scalable system for continuous development and changes of business logics.



- Continuous model changes are always followed while operating performance management systems.
- If you try to build a complete model at starting stage, there will be lots of operational burden and difficulties.

Recommendation :

For initial implementation of performance management models,

First, implement models in smaller scale.

Second, ensure stabilization of the models.

Third, implement expansion to larger and more complex models.

2. Model design considering both business requirements and system support at same time.

Typical implementation in the past



- Significant gaps between business models and system implementation
- Redefine of Business models
- Excessive development of add-on's
- Most time spent on defining business requirements.

When Modeling, system experts need to participate

System expert's roles

- Through Prototyping, providing insight for final output
- Based on previous cases, providing advices for optimized system functionality of the business models
- Support for detailed range of implementation and schedule



Benefits

- Business Modeling and system implementation are naturally linked
- Avoid unnecessary delays
- Performance models to prevent risks of overriding
- Constructing the most optimized solutions



When you implement a performance management system, sufficient consultation of system experts is strongly recommend.

Recommendation :

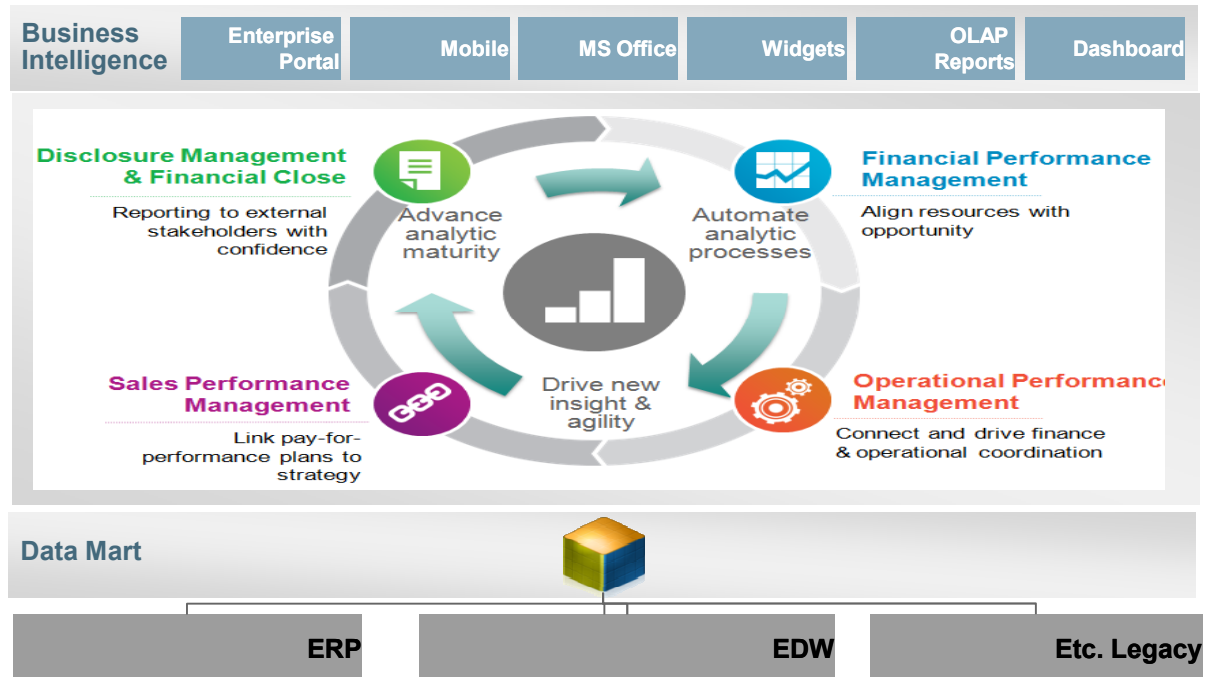
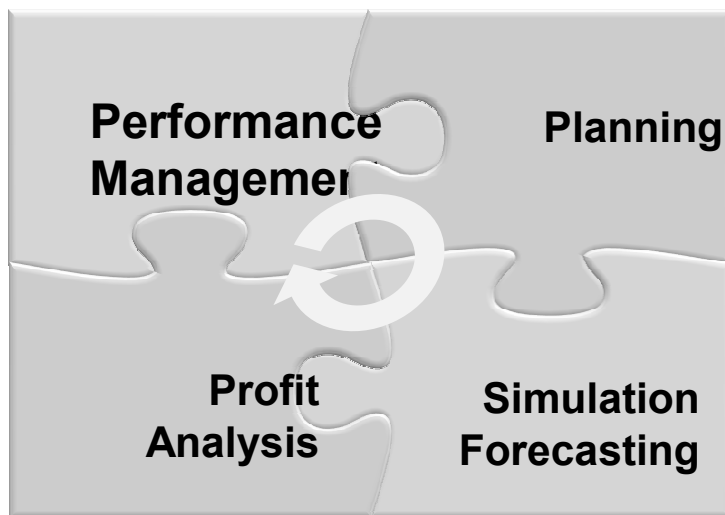
1 or 2months before finalizing models, let system engineers to implement the system join the project.

2. Issues of Current Financial Performance Management System, and Next Actions

3.

Design considering expansion.

IBM's optimized solution configuration for Performance

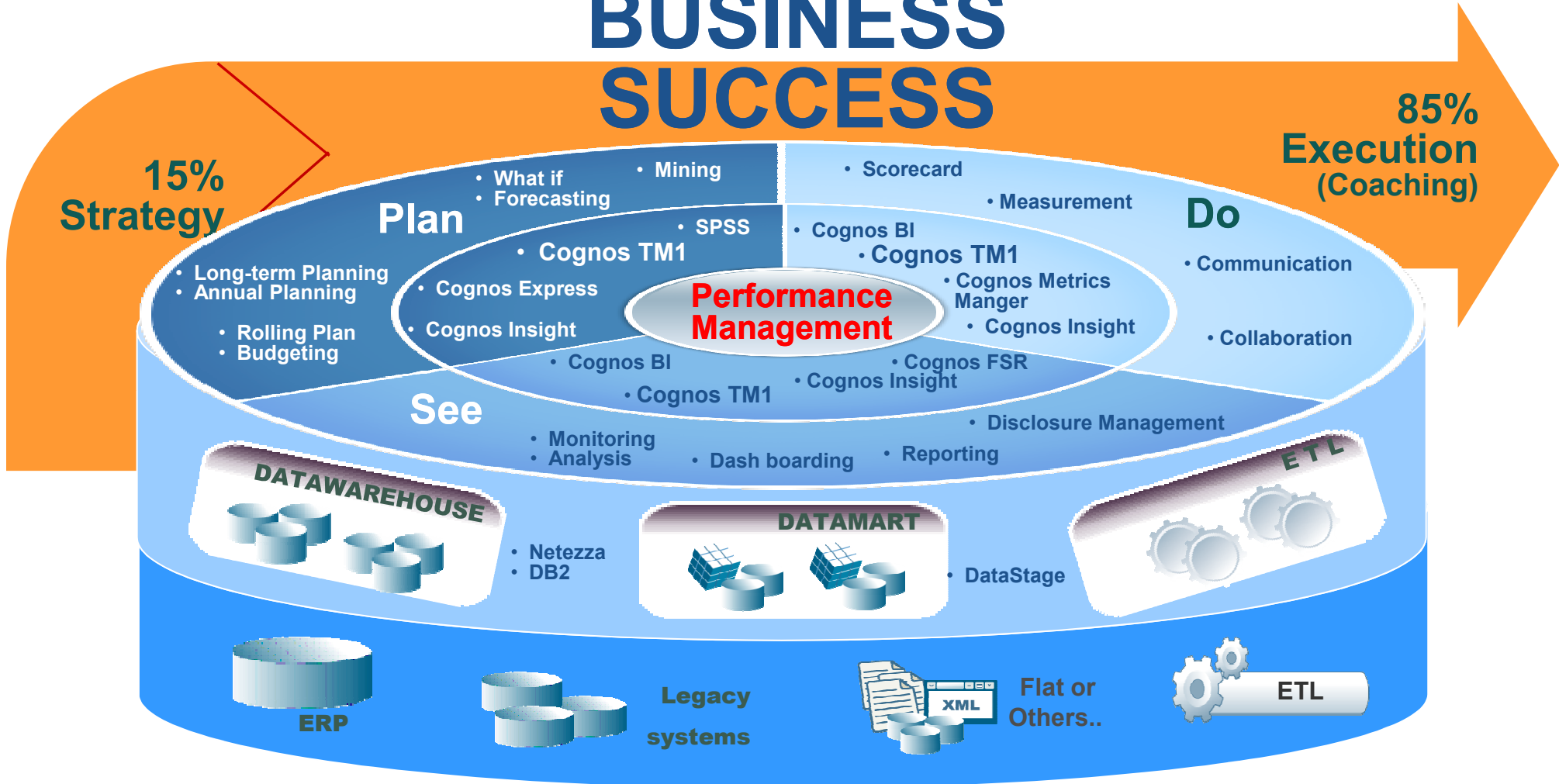


IBM Cognos TM1 solution will provide functions for Planning, Performance Management and Profit analysis.

Recommendation :

For the expansion, Lexken will provide post implementation consulting. Design a converged performance management system before system implementation

BUSINESS SUCCESS

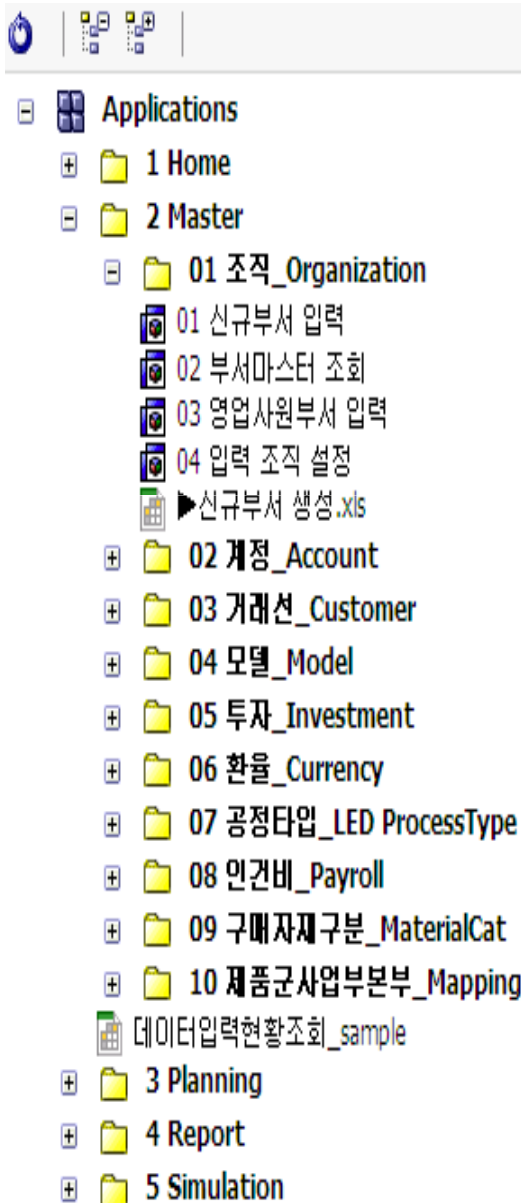


Recommendation :

First, implement a system for IBM Cognos TM1, probably with Cognos BI in small scale or utilizing a current BI platform.

3. IBM Cognos TM1 References

1) L Company - Manufacturing electronic products



L Company

Challenging Issues before implements

- Absence of any planning model even with so many kinds of products of over 50,000
- Lack of standardization and master data for enterprise-wide planning processes
- Too long lead-time for planning processes
- Heavy work load for discussion, coordination, adjustment, and lack of enterprise-wide information sharing for real-time monitoring during planning session

Features

- Defined 500 representative products out of 50,000, and built models for the representative products

Users

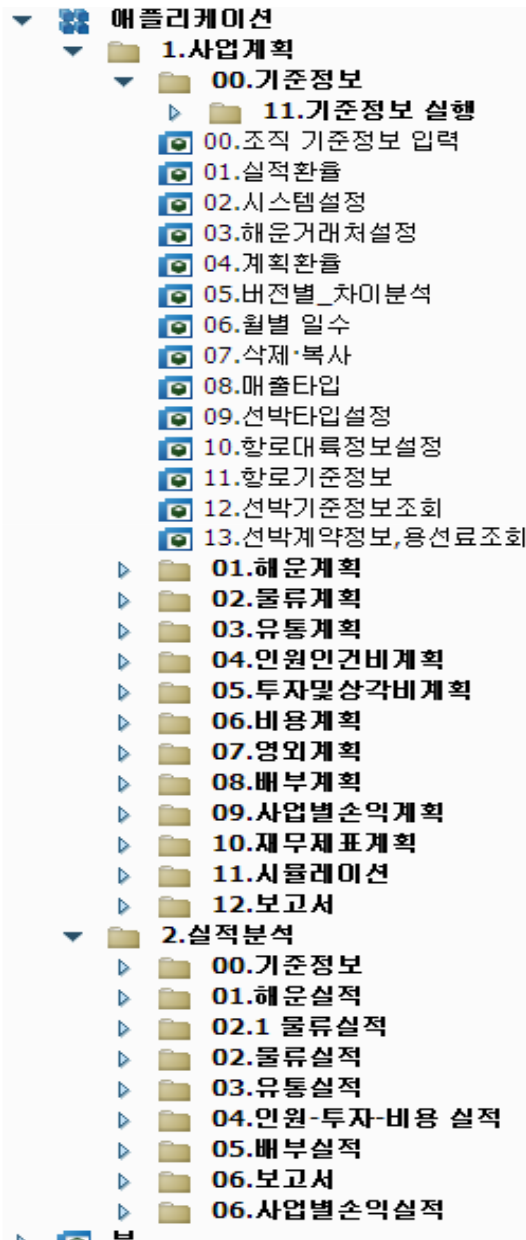
- Persons in charge of management strategy and organization planning team

Results

- Reduced lead-time for discussion and aggregation dramatically
- Enterprise-wide sharing of the aggregated planning data and linking overseas branches' information
- Establishment of systematic and detailed planning models through effective modeling method of the representative models

3. IBM Cognos TM1 References

2) G Company –Transportation and distribution Service



G Company

Challenging Issues before implements

- Consuming too much time handling planning data manually using excel.
- Many errors while aggregating data and too much time consuming due to replicating the same procedures during planning various scenarios manually
- It took 6 days to finalize monthly financial results from ERP data.
- Many erroneous data inputs to ERP systems

Features

- Systemizing business planning processes
- Reducing time to finalize monthly financial results (6days -> 3days)
- Providing automatic business planning and simulation system

Users

- Team manger and team members of Business Analysis Team

Results

- Through systematic business planning processes and automatic aggregation processes, reduced errors and work load dramatically.
- Effective version management of the planning system in cope with rapid environmental changes.
- Speeded up closing process and multidimensional analysis for income by cost drivers.

4. "Lexken", an IBM's core Partner

Lexken has focused its efforts on supporting customers' capability for corporate performance management since 1993. Lexken has implemented CPM systems for over 800 customers with accumulated technology and skills for the last 20 years and is currently managing systems of 150 customers.

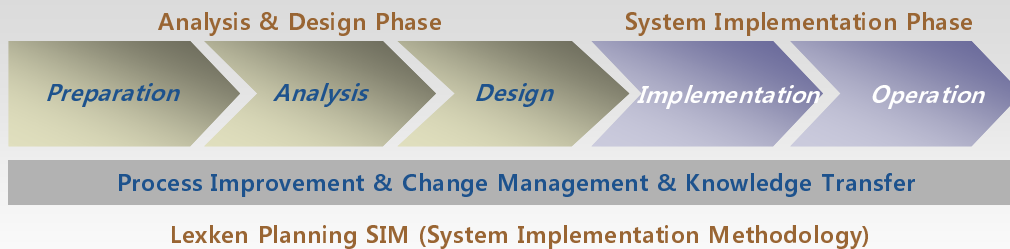
	LEXKEN corporation	CEO	CHANG, DONGIK
Business Line	<ol style="list-style-type: none"> 1. Business Intelligence: COGNOS Business Intelligence 2. Enterprise Planning : COGNOS TM1 3. Performance & Talent Management System :SuccessFactors 4. BSC Solution: LEXKEN BSC Builder 5. Executive Information System: LEXKEN EIS Builder 		
Address	#803, 8 th FL. PAN-FCIFIC B/D, 197-21 Guro-dong ,Guro-gu, Seoul , Korea		
Tel.	02-3453-0320		
Founded	Dec. 1993		
Company History	<p>Apr. 2009 Released LEXKEN R&D Builder</p> <p>Sep. 2006 Released LEXKEN EIS Builder</p> <p>Dec. 2005 Made a contract as a distributor for PTM solution with SuccessFactors, USA</p> <p>Dec. 2005 Released LEXKEN BSC Builder</p> <p>Jul. 2003 Made a contract as a master distributor for Data Integration Solution with Informatica Co, USA</p> <p>Jul. 2002 Made a contract with Trillium Software for Enterprise Data Quality Solution provider</p> <p>Jul. 2000 Made a contract with Concurrent Computer Corp. for a MediaHawk Video Server (IVOD) provider</p> <p>Apr. 1998 Made a contract with ARDENT Software for a DataStage solution provider</p> <p>Dec. 1993 Made a contract for an exclusive right for localization and sales of PowerPlay in Korea with Cognos, Canada.</p>		

4. "Lexken", an IBM's core Partner

Lexken has accumulated know-hows of the system implementation through enough experience. Lexken's skillful engineers are able to customize easily and fast utilizing driver-based distributing templates.



Standardized Methodology



- Workflow :
Preparation->Analysis->Design->Implementation->Operation
- Defining the steps for a workflow
- Defining the Edit Form Workflow Step in Detail



Allocation Model Construction Using IBM Cognos TM1

실적	2010	금액
목적	M 배부조직설정	
	조직1	조직2
물류사업본부	KAM영업실	TPL영업실
해상운송실	자동차선1팀	자동차선2팀
유동사업본부	글로벌사업실	KD사업실
경영지원기획본부	물류사업본부공통	해상운송실공통
물류사업본부공통	KAM영업실	TPL영업실
해상운송실공통	자동차선1팀	자동차선2팀
유동사업본부공통	글로벌사업실	KD사업실

계측	2010	연간	금액
물류사업본부	M 배부내역		
배부조직	원천금액	배부율	배부대상금액
KAM영업실	1,948,281	100%	1,948,281
TPL영업실	1,948,281	100%	1,948,281
특수사업실	1,948,281	100%	1,948,281

실적	2012	금액
목적	M 배부조직설정	
물류사업본부	자동차선1팀	자동차선2팀
해상운송실	글로벌사업실	KD사업실
유동사업본부	물류사업본부공통	해상운송실공통
경영지원기획본부	KAM영업실	TPL영업실
물류사업본부공통	자동차선1팀	자동차선2팀
해상운송실공통	글로벌사업실	KD사업실
유동사업본부공통	물류사업본부공통	해상운송실공통
TPL영업실	KAM영업실	TPL영업실
자동차선1팀	자동차선1팀	자동차선2팀
자동차선2팀	자동차선2팀	자동차선3팀
글로벌사업실	유동사업본부공통	글로벌사업실
KD사업실	KD사업실	KD사업실

Y2012	간	동인
Profit_Center	동인	매출액
--KAM영업실	3	100,000
KAM1팀	1	80,000
KAM2팀	1	20,000
KAM3팀	1	0
--TPL영업실	4	1,965,582
TPL1팀	1	284,940
TPL2팀	1	549,404

- Allocation models that can handle various requirements

- 1) Function with allocation driver changes
- 2) Function with allocation techniques changes
- 3) Function with allocation operating
- 4) Function with allocation verification
- 5) Function with allocation driver research

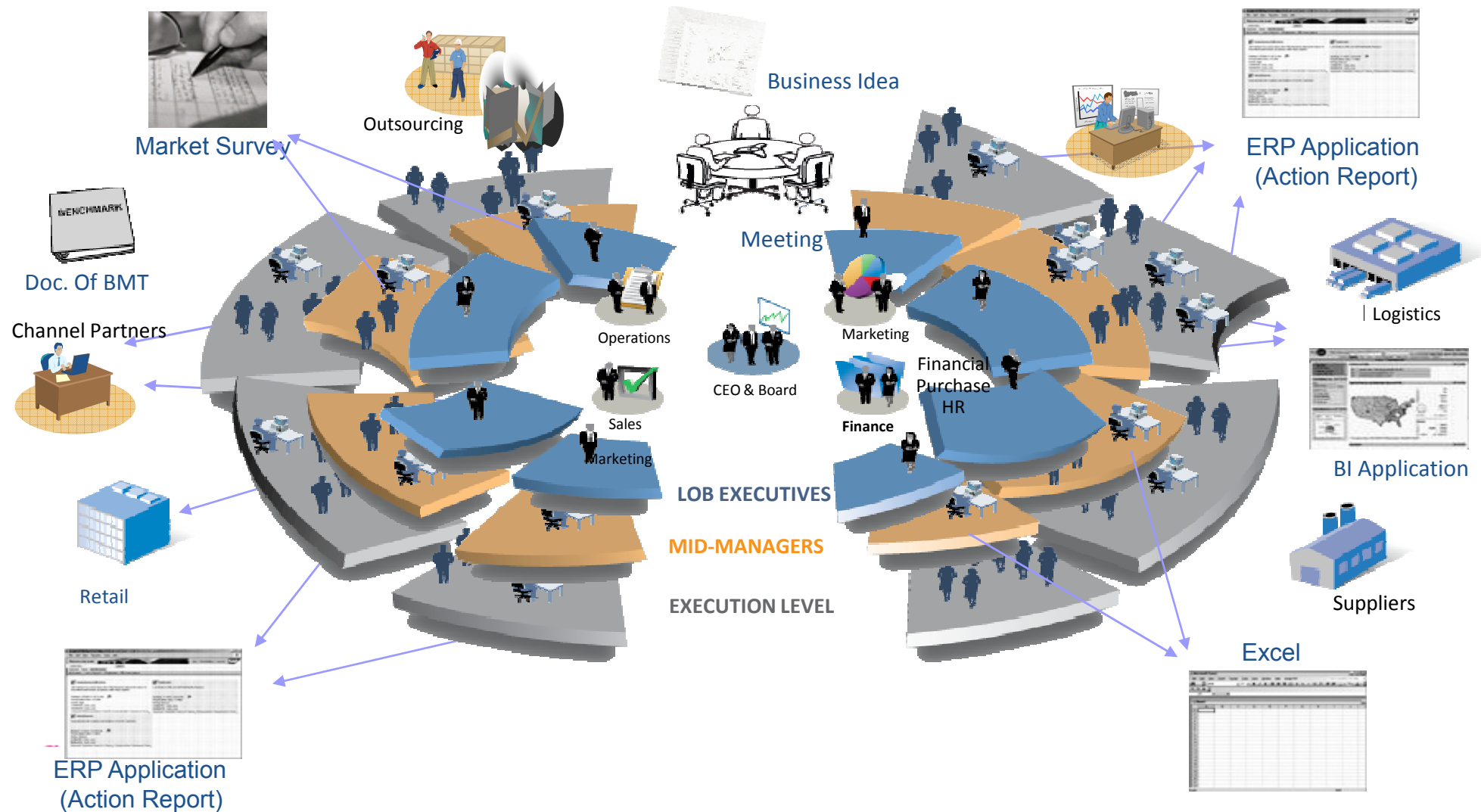
4. "Lexken", and IBM's core Partner

References of Management accounting systems



The importance of Converged Financial Performance Management

Silo formed due to specialization



The importance of Converged Financial Performance Management

Finished appearance through converged management



Thank you

LEXKEN →