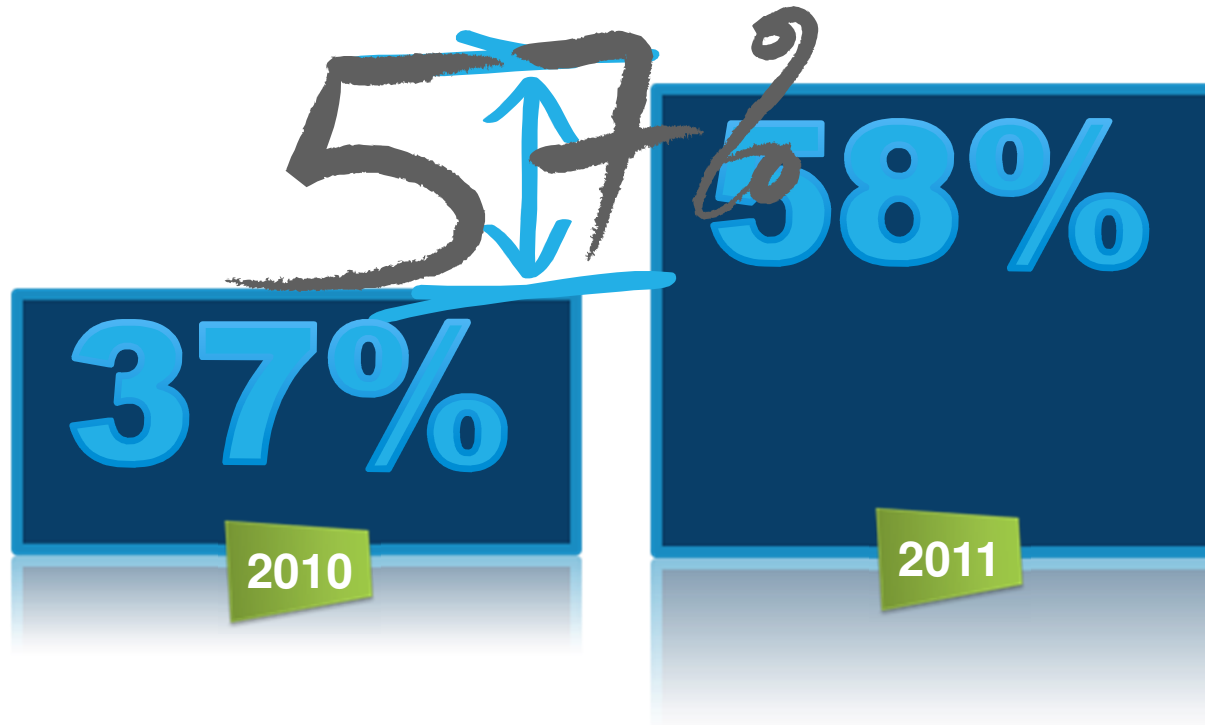


OUTPERFORMING WITH BUSINESS ANALYTICS

Patrizio (Pat) Calitri, CA
Business Unit Executive, IBM



Forecast
Regulation
Risk
Inventory
XBRL
Headcount
Variability
Reporting
Working
Analysis
Sarbanes-Oxley
Demand
Profitability
Capital
Growth
Uncertainty
Expense
Cash
Management
Scorecards
Flow
Value
Shareholder
Governance
Revenue

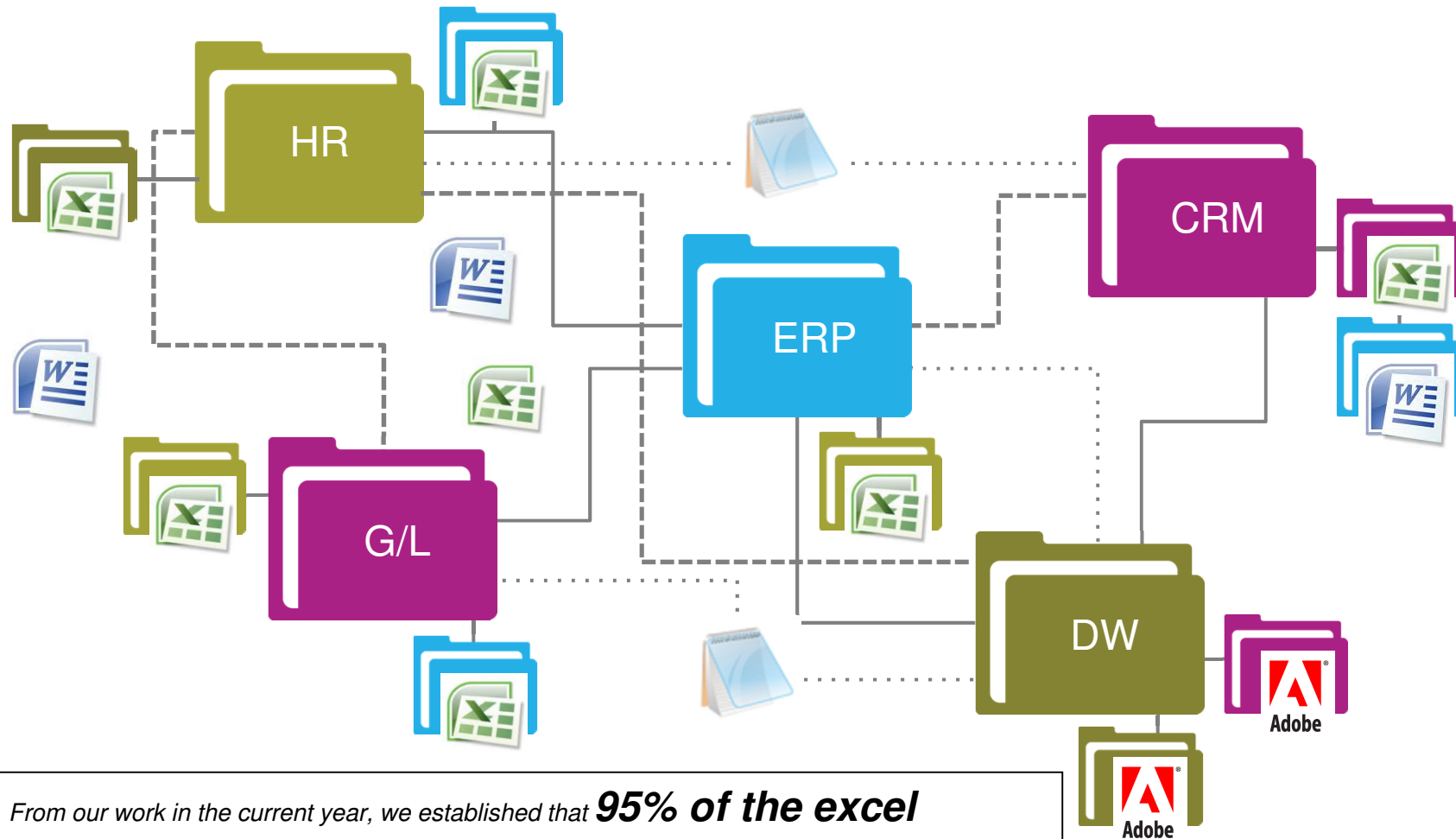


More organizations see

analytics

As competitive advantage

Technology foundation is under pressure



From our work in the current year, we established that **95% of the excel spreadsheets examined had errors** out of which **80% had significant monetary errors** (i.e. spreadsheet gives an incorrect result).

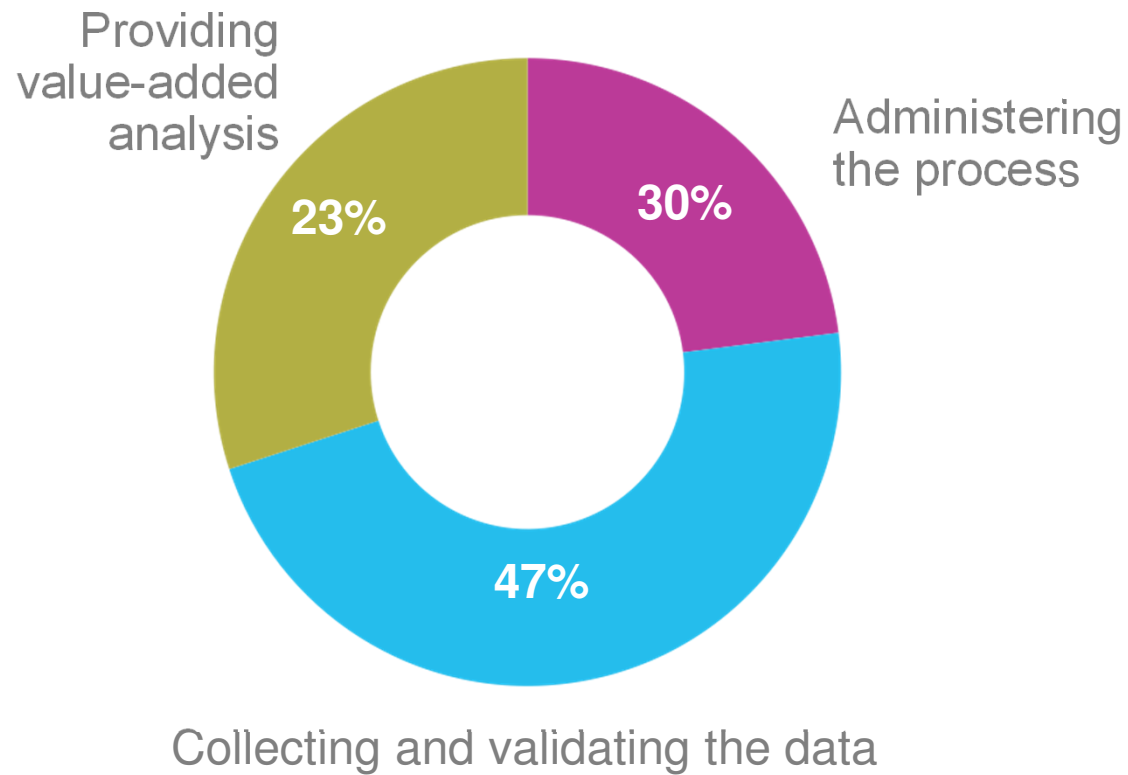
Source: PwC, 2011

Speed and agility do not match the marketplace volatility

“For 55 percent of companies, their budget assumptions are useless by three months into the new year.”

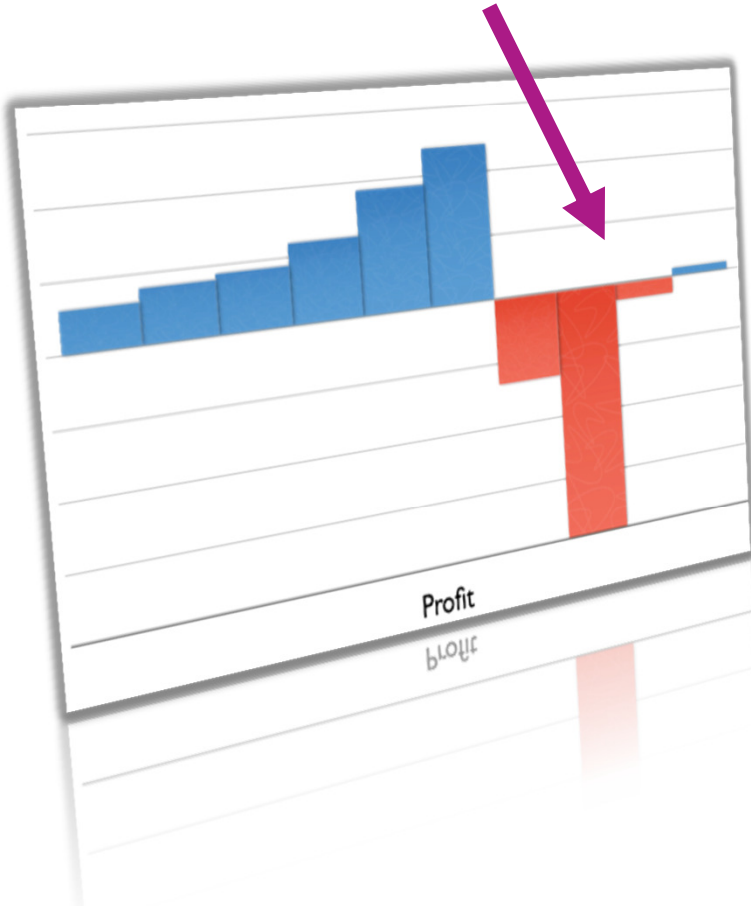


Staff leverage is weak



Monthly reports do not help us understand root causes ...
or profitability levers

Which products,
customers, segments?

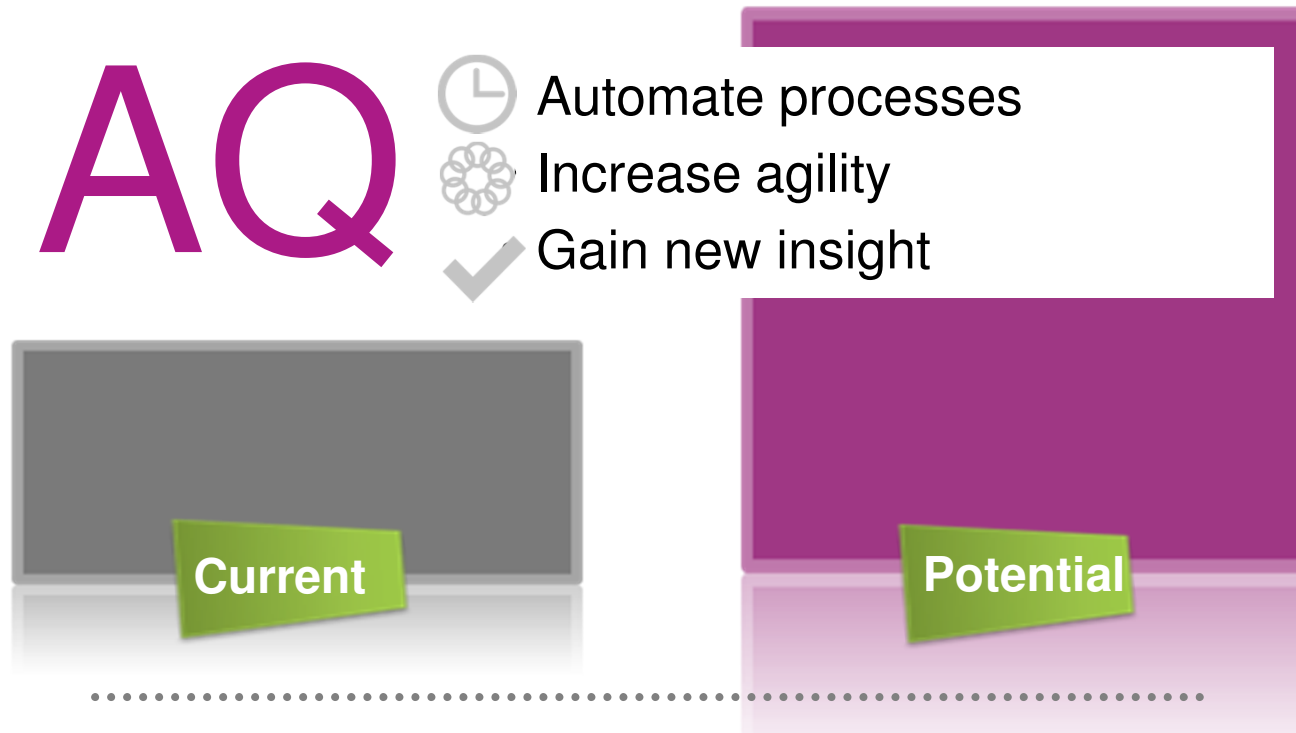


Profit and Loss Statement
For the Year ending 12/31/2011

Stated in 000s

	Budget	Actual	Variance	Variance %
Total Sales Revenue [J]	5,000	4,900	(100.0)	-2.0%
Total Cost of Sales [K]	800	750	(50.0)	-6.3%
Gross Profit [L=J-K]	4,200	4,150	(50.0)	-1.1%
Operating Expenses				
Sales and Marketing				
Advertising				
Direct marketing	230	210	20.0	9.5%
Total Sales and Marketing Expenses [M]	380	200	(50.0)	-25.0%
Research and Development				
Technology licenses				
Total Research and Development Expenses [N]	80	75	5.0	6.7%
General and Administrative				
Wages and salaries	80	75	5.0	6.7%
Rent				
Total General and Administrative Expenses [O]	80	75	5.0	6.7%
Total Operating Expenses [P=M+N+O]	920	120	90.0	12.7%
Income from Operations [Q=L-P]	1,380	830	90.0	0.0%
Taxes				
Total Taxes [S]	2,820	1,315	65.0	10.8%
Net Profit [T=Q+R-S]	512	2,835	15	4.9%
Net Profit [U=T+V-W]	512	501	11.2	2.2%
Total Taxes [Z]	2,308	2,334	27	1.1%
Income from Operations [d=l-b]	215	5,334	53	1.1%
Total Operating Expenses [h=M+N+O]	5,850	5,832	17.5	1.1%
Total General and Administrative Expenses [o]	1,380	1,312	72	0.2%
Wages and salaries	80	830	820	0.2%
Rent	150	750	600	0.0%
Advertising	230	210	20.0	9.5%
Direct marketing	800	750	(50.0)	-6.3%
Total Sales and Marketing Expenses [m]	4,200	4,150	(50.0)	-1.1%
Total Research and Development Expenses [n]	80	75	5.0	6.7%
Total Operating Expenses [p=m+n+o]	920	120	90.0	12.7%
Income from Operations [q=l-p]	1,380	830	90.0	0.0%
Taxes				
Total Taxes [s]	2,820	1,315	65.0	10.8%
Net Profit [t=q+r-s]	512	2,835	15	4.9%

Raise your analytic maturity to gain the time, control, and confidence



The more you **infuse analytics** into your business, the higher your AQ and the **better you and your business will perform**

Transforming the decision process

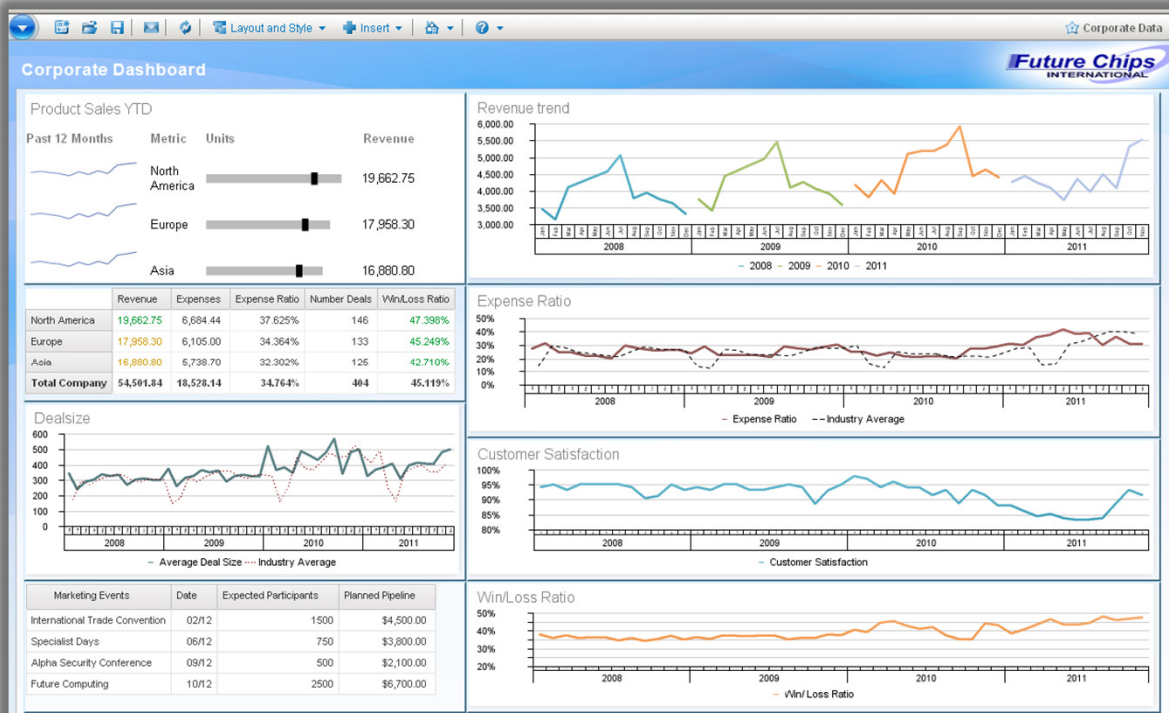


Transforming the decision process



From looking backward to looking forward

Leading vs. lagging | External & internal vs. internal only | Forecasting vs. budgeting only



IBM Cognos Business Intelligence 10 – comprehensive dashboards

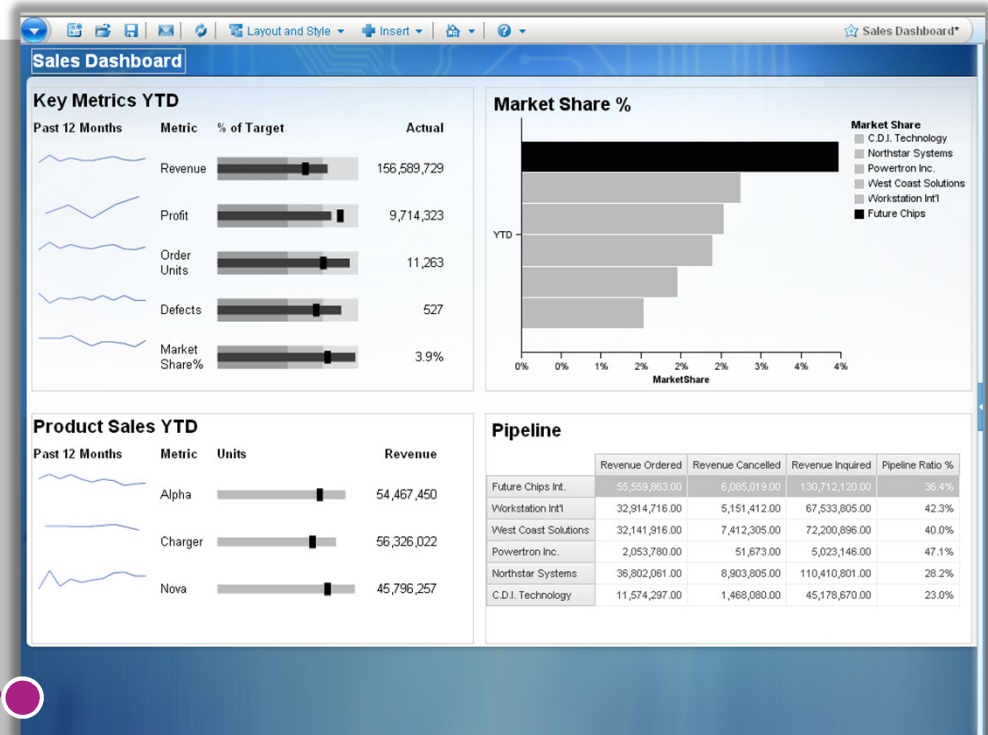
Insight everywhere you need it



In the boardroom or 35,000 feet in the air

Actionable information on the desktop and your mobile device

Timely, rich and interactive content



IBM Cognos 10 – Mobile and comprehensive dashboards

Transforming the decision process



- **The data I need is not just in corporate systems.**
- **I don't know exactly what I'm looking for.**
- **I can't afford to wait for someone else to build it.**
- **We need to understand and respond faster to marketplace changes.**

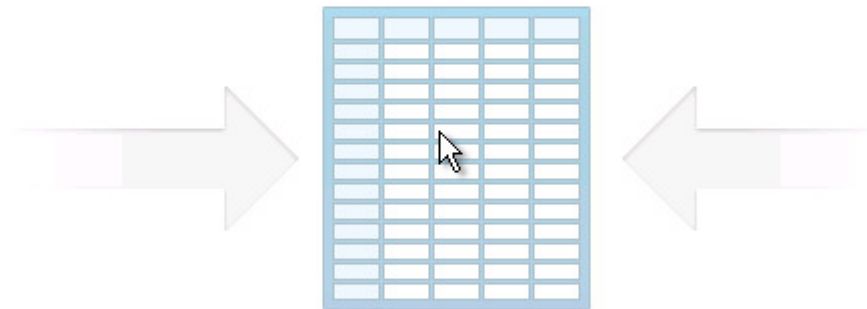


Demo

- **Analysis and what-if scenarios**



Drag spreadsheets onto the canvas and start working with your data.





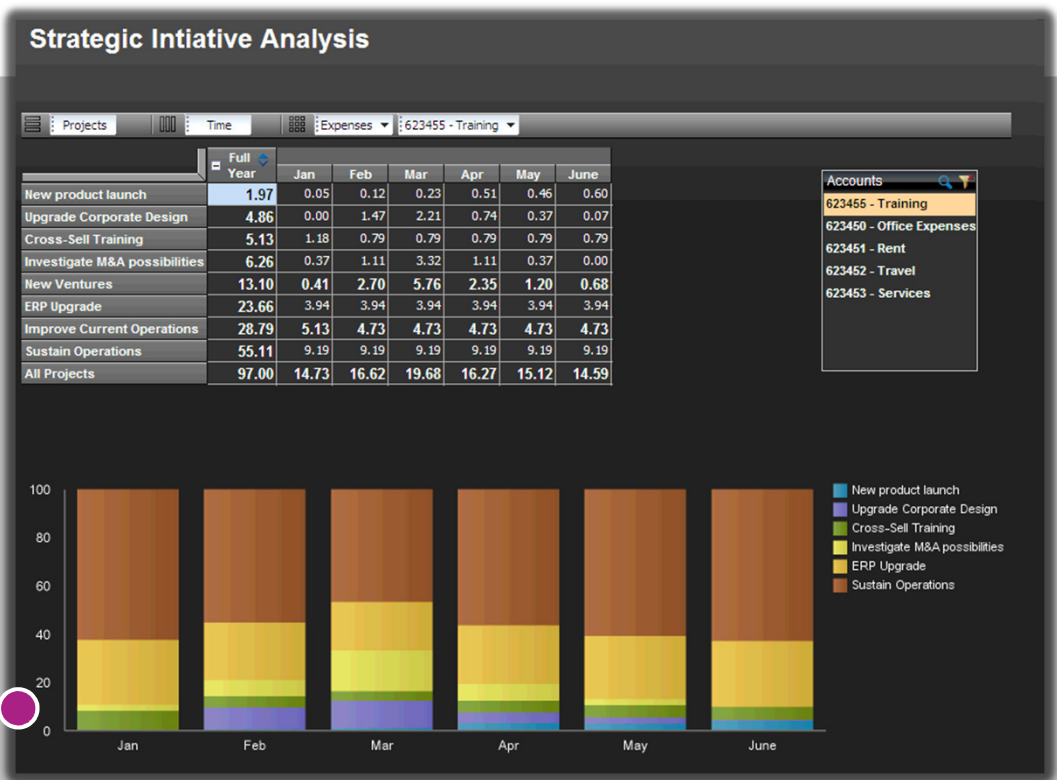
Agile, personal analytics



Access to external and corporate-sanctioned data sources

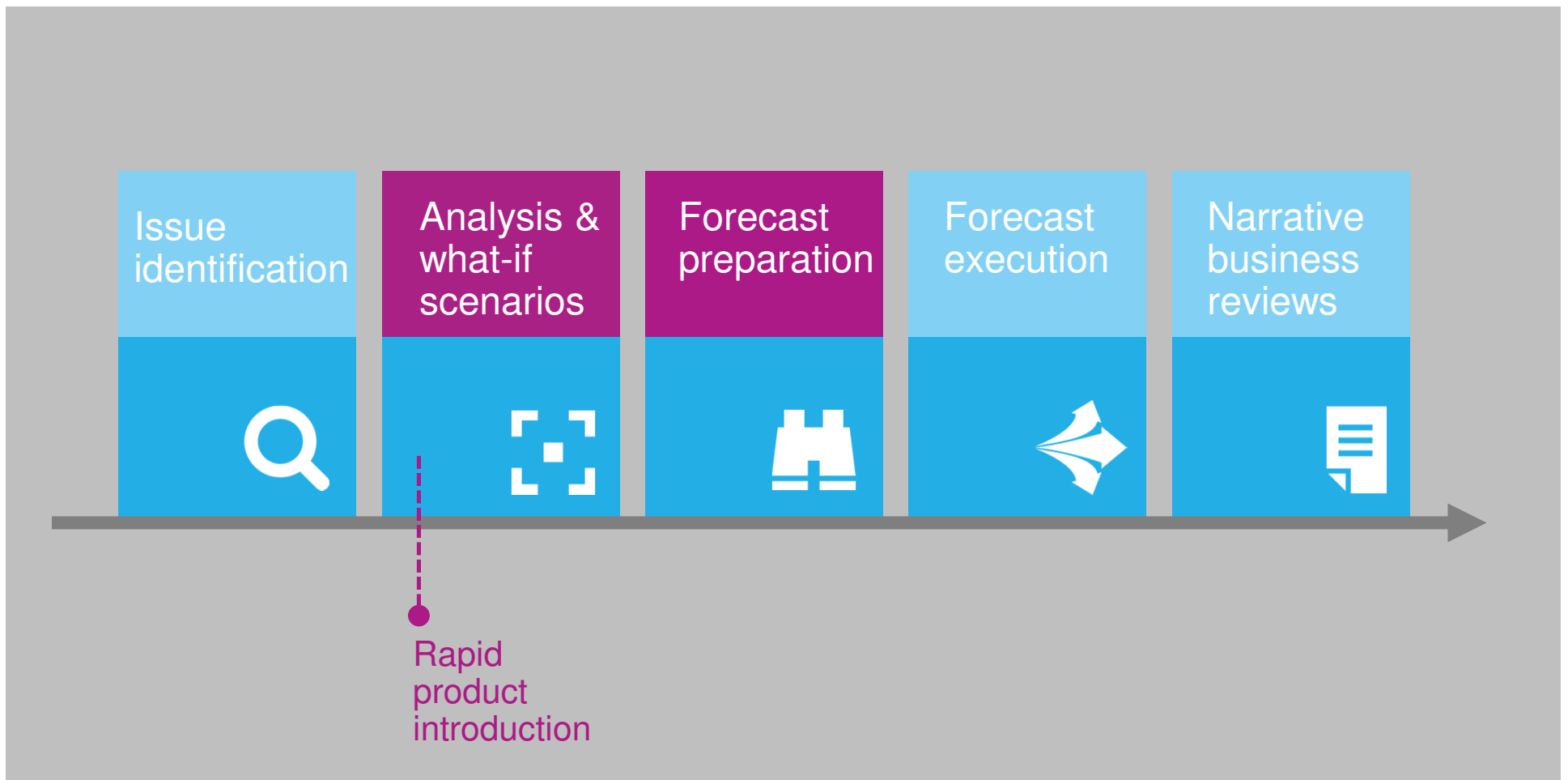
Boundless freedom to perform analysis

“Write-back” for what-if scenarios and planning template development



IBM Cognos Insight

Transforming the decision process



From spreadsheet formulas and links to visual modeling

Visual vs. Text | Business-User vs. IT specialist | Agile Prototype-to-Deploy

From Spreadsheet formulae & links to **Visual Modeling & Composition**

```
=100*(Sheet2!B$29+'[Northern Region.xls]Frcst'!$B$3+'[Southern Region.xls]Forecast'!$B$3+'[Southern Region.xls]-Frcst'[Northern Region.xls]Sheet2'!$B$3)
```

The screenshot shows the IBM Cognos TM1 10 Performance Modeler interface. It features a central workspace with two dimension trees: 'Price and Cost' on the left and 'Revenue Plan' on the right. Blue arrows indicate mappings between dimensions in the two models. Below the dimension trees are 'Members' lists for each dimension. A 'Mappings' table is also visible, showing the relationship between mapped source and target dimensions.

Mapped Source	Mapped Target
Unit Sales Price	Unit Sales Price
Unit Cost	Unit Cost

IBM Cognos TM1 10 (Performance Modeler)



Demo

- **Prepare ad-hoc forecast models**
 - see planning session



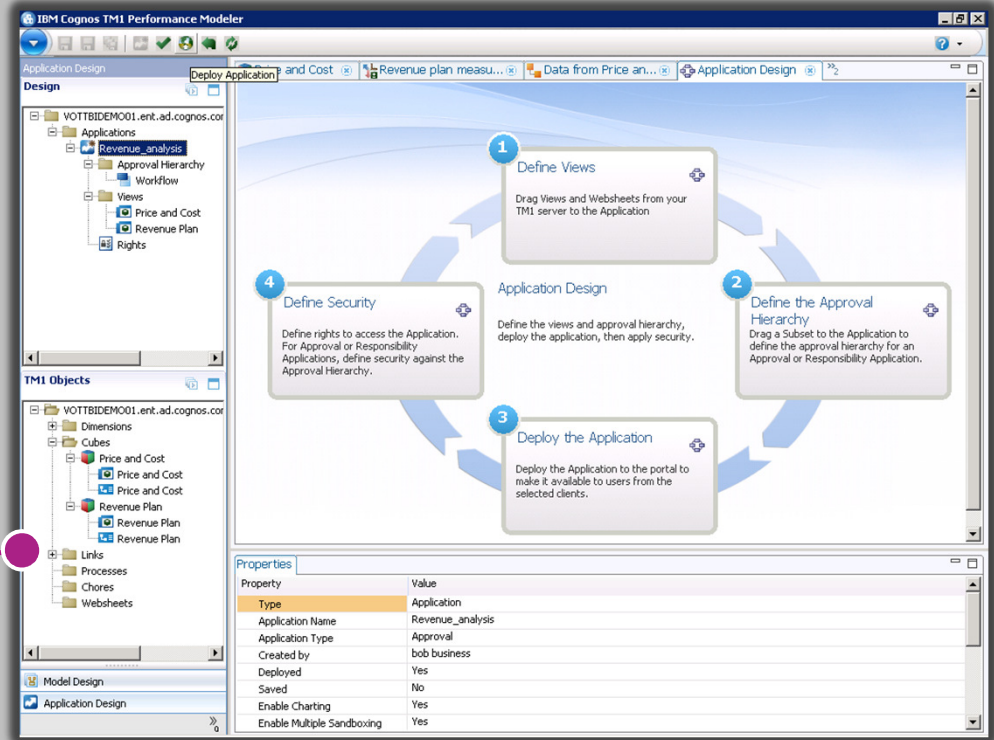
Intuitive modeling and application deployment



Multidimensional modeling tools

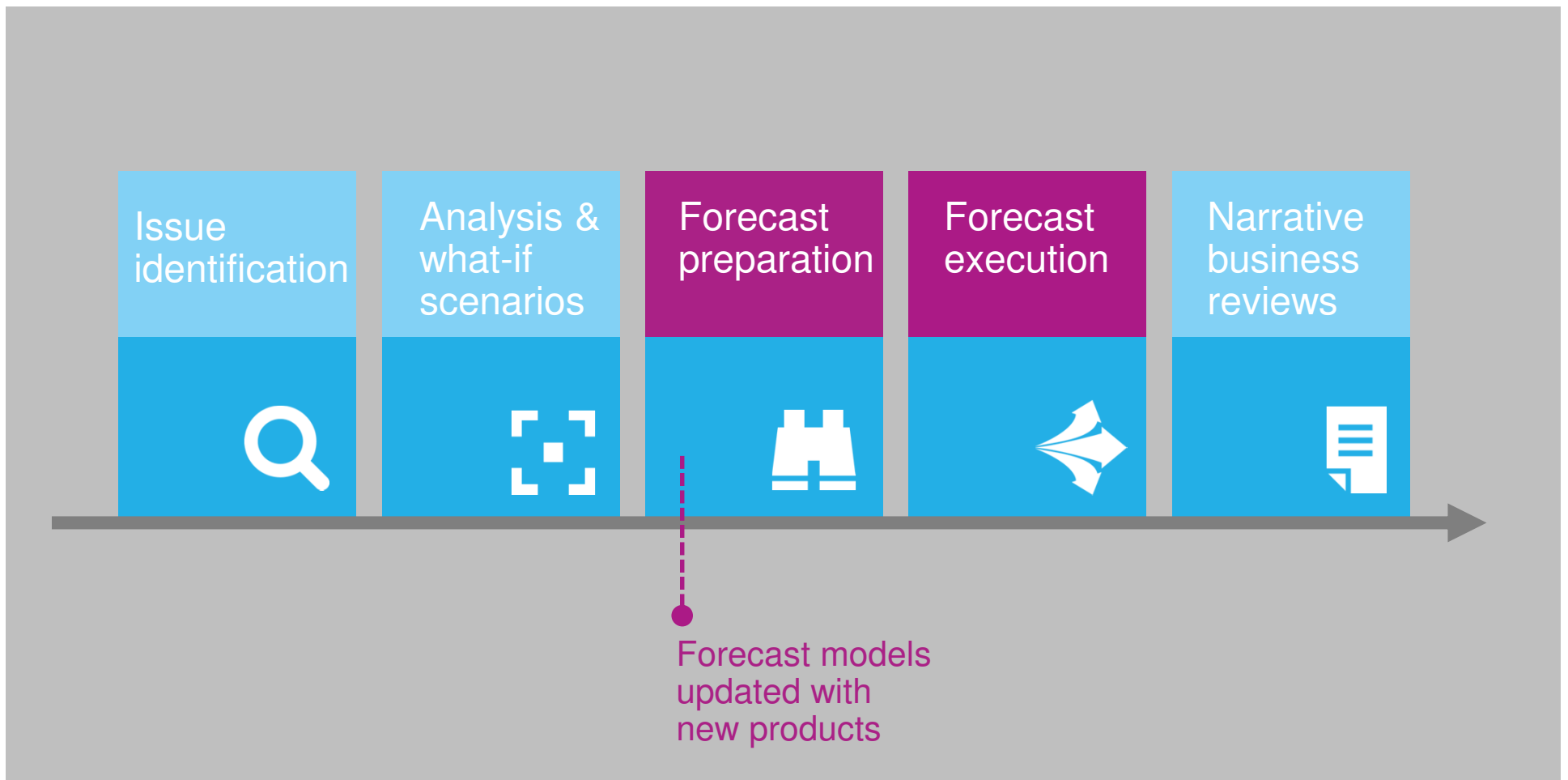
Big time savings, less risk and better visibility

Visual interface for intuitive modeling



IBM Cognos TM1 10 (Performance Modeler)

Transforming the decision process





From detailed and numeric to

Driver-based forecasts

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL	YTD Actuals Variance	YTD Act Var %	Total Variance	Total Var %
	Actuals	Actuals	Actuals	Actuals	Actuals	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast					
Revenue	143.00	150.00	176.00	166.00	200.00	180.00	181.00	190.00	200.00	200.00	210.00	260.00	2256.00	-66.00	-7%	256.00	13%
COGS	92.95	97.00	114.00	108.00	131.00	117.00	117.00	125.00	131.00	132.00	140.00	180.00	1484.95	-957.05	-64%	84.95	6%
Margin	50.05	53.00	62.00	58.00	69.00	63.00	64.00	65.00	69.00	68.00	70.00	80.00	771.05	-22.95	-7%	71.05	10%
Margin %	35.00%	35.33%	35.23%	34.94%	34.50%	35.00%	35.36%	34.21%	34.50%	34.00%	33.33%	30.77%	34.35%	0%	-1%	-0.65%	-1%
Salaries	19.00	19.00	19.00	19.00	19.00	19.00	19.00	22.00	22.00	22.00	22.00	22.00	243.00	-1.00	-1%	-3.00	-1%
Bonus	1.43	1.50	1.76	1.66	2.00	1.80	1.81	1.90	2.00	2.00	2.10	2.60	22.56	-2.35	-39%	2.56	13%
Benefits	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.22	0.22	0.22	0.22	0.22	2.43	1.35	59%	-0.07	-3%
Insurance	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	1.80	0.00	0%	-0.10	-5%	
Rent	2.90	2.90	2.90	2.90	2.90	2.90	2.90	2.90	2.90	2.90	2.90	34.80	0.00	0%	-1.20	-3%	
Utilities	3.00	2.50	2.50	1.50	1.00	1.00	1.20	1.40	1.50	2.00	2.50	3.00	22.77	0.52	8%	-1.23	-5%
Office Supplies	0.11	0.20	0.15	0.20	0.07	0.37	0.14	0.42	0.49	0.34	0.36	0.43	3.30	0.07	9%	1.00	43%
Travel - Air	7.15	7.50	8.80	9.00	15.00	9.00	9.05	9.50	10.00	10.00	10.50	13.00	118.50	-17.45	-58%	13.50	13%
Travel - Hotels	1.43	1.50	1.76	1.66	2.00	1.80	1.81	1.90	2.00	2.00	2.10	2.60	22.56	-3.35	-67%	-7.44	-25%
Travel - Car	0.72	0.75	0.88	0.83	1.00	0.90	0.91	0.95	1.00	1.00	1.05	1.30	11.28	-2.68	-178%	6.28	126%
Travel - Train	1.50	1.00	1.50	1.00	1.20	1.00	1.00	3.00	2.00	2.00	3.00	20.00	-1.50	-33%	9.00	82%	
Sfcs & Misc.	0.50	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00	0.00	0%	-1.00	-14%	
Maintenance & Repair	0.35	0.14	0.06	0.43	0.30	0.36	0.31	0.42	0.03	0.41	0.09	0.13	3.04	0.02	1%	0.04	1%
Marketing	2.00	0.00	8.00	9.00	4.00	7.00	8.00	4.00	5.00	2.00	9.00	1.00	59.00	-3.00	-15%	5.00	9%
Net Income	9.83	16.17	14.35	9.90	20.18	17.53	17.53	16.24	14.62	20.98	15.01	27.66	200.01	15.43	28%	0.01	0%



From manual aggregation to

Process automation

Corporate

BU's

BROAD

DEEP

Demo

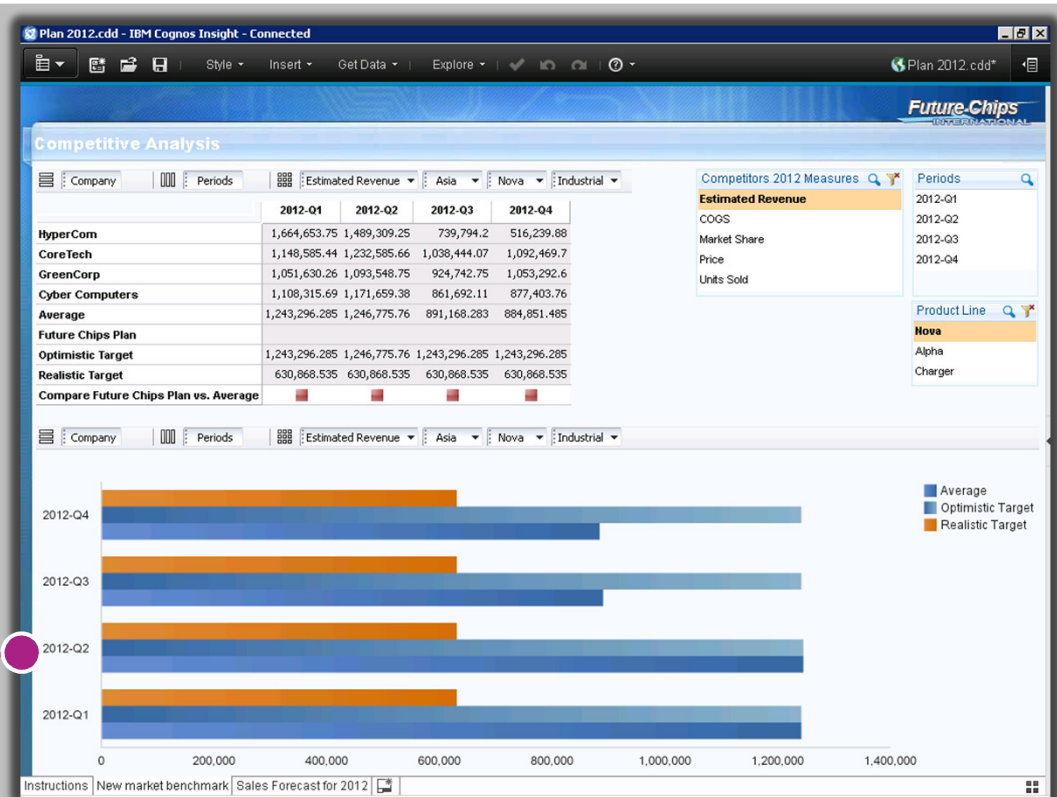
- **Update and revise forecast**
- see planning demo



Planning, analysis, forecasting & profitability modeling

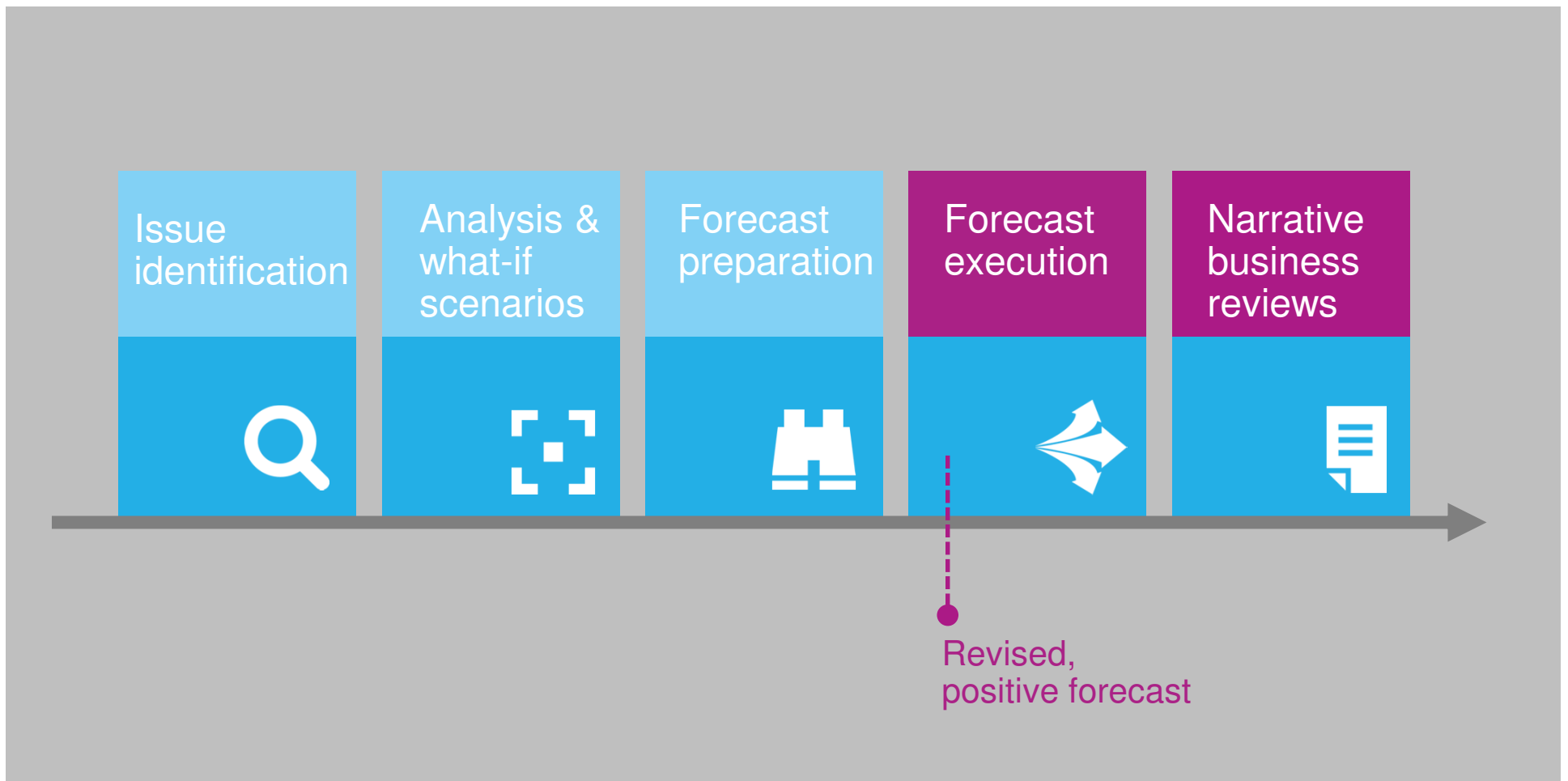


- Driver-based models
- Easier scenarios to address risk
- Easy distribution and aggregation of templates
- Real-time reporting against plan, budgets and forecasts



IBM Cognos TM1 10 (Cognos Insight, Contributor, Excel)

Transforming the decision process



Narrative-based reviews flush out what is really happening

Narrative Performance Reporting:



Analytical insight



Performance narrative



Gain consensus, plan & execute



On going reports & analysis

Speed alignment and decision-making

Disclosure Management and Tagging:



Financial & performance data



MD&A disclosures



Review, edit, Approve, certify

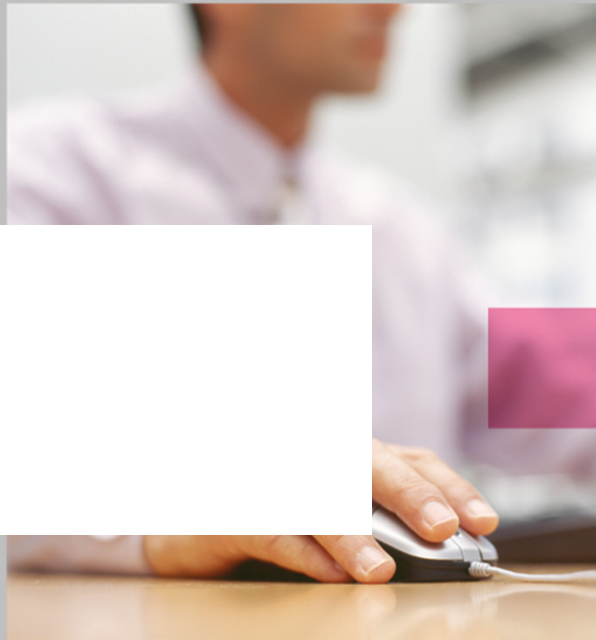


Publish to shareholders, regulators, etc.

Reduce risk of error, insider leaks, and late filings

Demo

- **Narrative reporting and disclosure management**





login



Server:

Database:

Log in to SQL Server

using Windows authentication

using SQL Server account

User ID:

Password:

Log in via Web Service

Web address:

IBM® Cognos® Financial Statement Reporting

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Version: 6.6.0.454

Automatically log in next time.

Log In

Cancel

Narrative business reviews and disclosure management



- Integrated workflow and narrative reporting
- Big time savings, no retyping or copying
- Rich functionality, including XBRL

Document Summary

Entity	External Reporting
Period	December 31, 2009
Document Name	10-K - Current Year
Submission Due Date	December 30, 2009
# Working Days before Due Date	-307
Document Owner	Director Financial Reporting
Overall document sign-off	0

Document Status

Internal Auditor - 2.4 %	Reviewer - 8.4 %	Assistant Controller - 1.2 %	Data Contributor - 12.1 %	Manager - 4.8 %
External Auditor - 1.2 %	Legal - 7.2 %	Chief Accounting Officer - 6.0 %	Director Financial Reporting - 24.1 %	
Controller - 9.6 %	XBRL Tagging - 21.7 %	Test Workflow - 1.2 %		

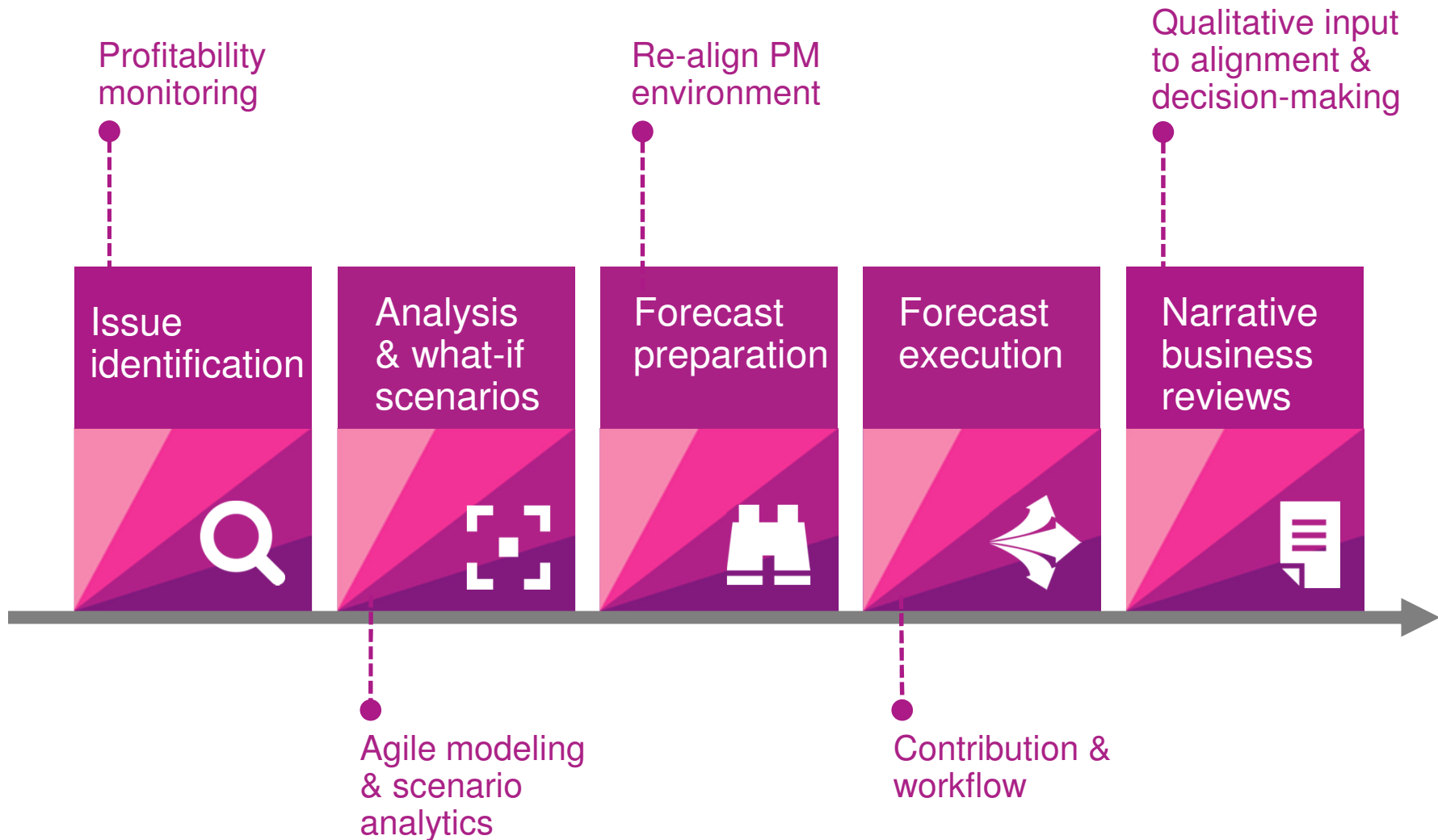
Status by Object

Assigned To	Section Name	Report Object	Status	Object Type	Content
Director Financial Reporting	Variable Management	Variable List	Manager	Normal	MS-Excel
Director Financial Reporting	Front Cover Page	Cover Page	Director Financial	Normal	MS-Word
Reviewer	Print Default Settings	Default Page Setup	Reviewer	Page Setup	MS-Word
Reviewer	Shareholders Message	Header	Reviewer	Header	MS-Word
Assistant Controller	Shareholders Message	Shareholder Page Setup	Assistant Controller	Normal	MS-Word
Reviewer	Form 10-K Cover Page	Header	Reviewer	Header	MS-Word
Director Financial Reporting	Form 10-K Cover Page	Default Page Setup	Manager	Page Setup	MS-Word
Director Financial Reporting	Form 10-K Cover Page	Form 10K	Director Financial	Normal	MS-Word
Director Financial Reporting	Table of Contents	TOC	Director Financial	Normal	MS-Word
Data Contributor	Item 1 Business Overview	General	Test Workflow	Normal	MS-Word
Data Contributor	Item 1 Business Overview	Growth Strategy	Data Contributor	Normal	MS-Word
Data Contributor	Item 1 Business Overview	Growth Strategy - Not Printed and Hard Coded	Data Contributor	Normal	MS-Word
Data Contributor	Item 1 Business Overview	Historical Growth	Data Contributor	Normal	MS-Word
Data Contributor	Item 1 Business Overview	Store Remodeling	Data Contributor	Normal	MS-Excel
Data Contributor	Item 1 Business Overview	Footer	Data Contributor	Normal	MS-Word
Data Contributor	Item 1 Business Overview	Comments and Links	Data Contributor	Normal	MS-Word
Data Contributor	Item 1 Business Overview	Suggested Edits	Data Contributor	Normal	MS-Word

No. objects: 83

IBM Cognos Financial Statement Reporting (FSR)

Smarter Analytics. Smarter Outcomes.



IBM should be your partner in becoming analytics-driven

What's your

AQ?

The more you infuse analytics into your business, the higher your AQ and the better you and your business can perform.



IBM business analytics deliver ...



Time

Drive efficiencies and scale

- Eliminate intensely manual efforts
- Structure and automate dynamic processes
- Scale to large user communities and data sets



Control

Gain agility and preparedness

- Link operational and financial performance management
- Support advanced analytic techniques (e.g., scenario and predictive analytics)
- Eliminate delays in coordinating around to emerging realities



Confidence

Improve effectiveness and outcomes

- Dramatically reduce risk of errors
- Cost-effectively address compliance
- Drive new confidence in analytics-driven decision making

Varicent Acquisition adds “Sales Performance Management” to IBM’s Smarter Analytics initiative



- Varicent SPM enables companies to automate the process of calculating and reporting variable-based pay.
- The solution is used by finance, sales, human resources and IT departments across several industries.

Customer Benefits

Using Varicent, companies:

- Manage & streamline compensation processes
- Reduce errors
- Maximize efficiencies
- Drive improved sales performance





the best partner
for your analytics journey

- Evaluate your finance processes
- Join our analytics experience workshops
- Meet your local IBM business analytics team



Thank You



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