

Tim O'Bryan – Innovation Center for Business Analytics
May 15, 2012

IBM Finance Forum 2012

Smarter Analytics. Smarter Outcomes.



Analytics Driven Organizations Adopt....



Dean Curtin – Business Analytics Solution Executive

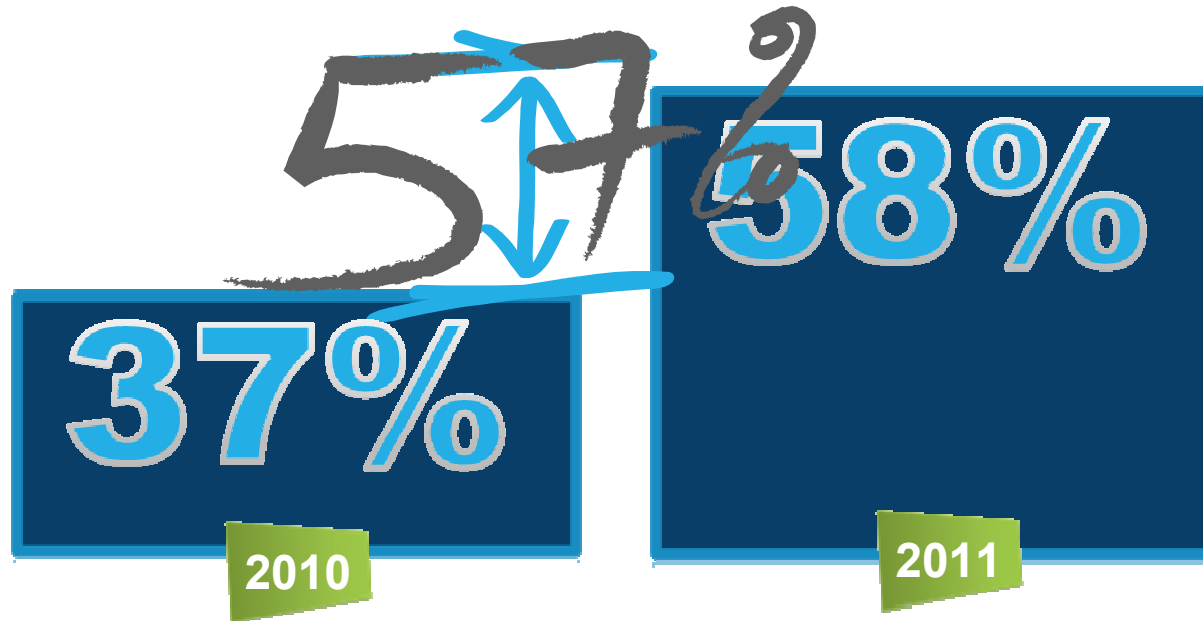
April 25, 2012

IBM Business Analytics: Transforming the Decision-Making Process



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





More organizations see

analytics

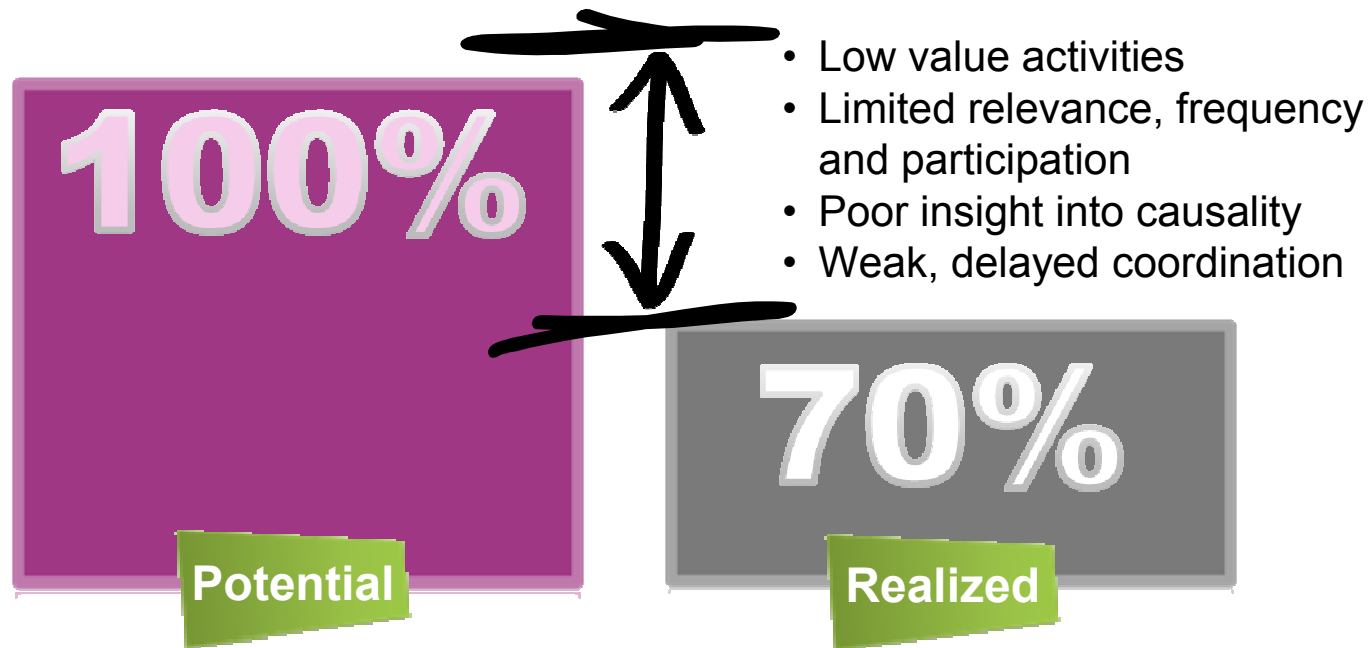
As competitive advantage

220%

Organizations competing on analytics
substantially **outperform** their peers

.....

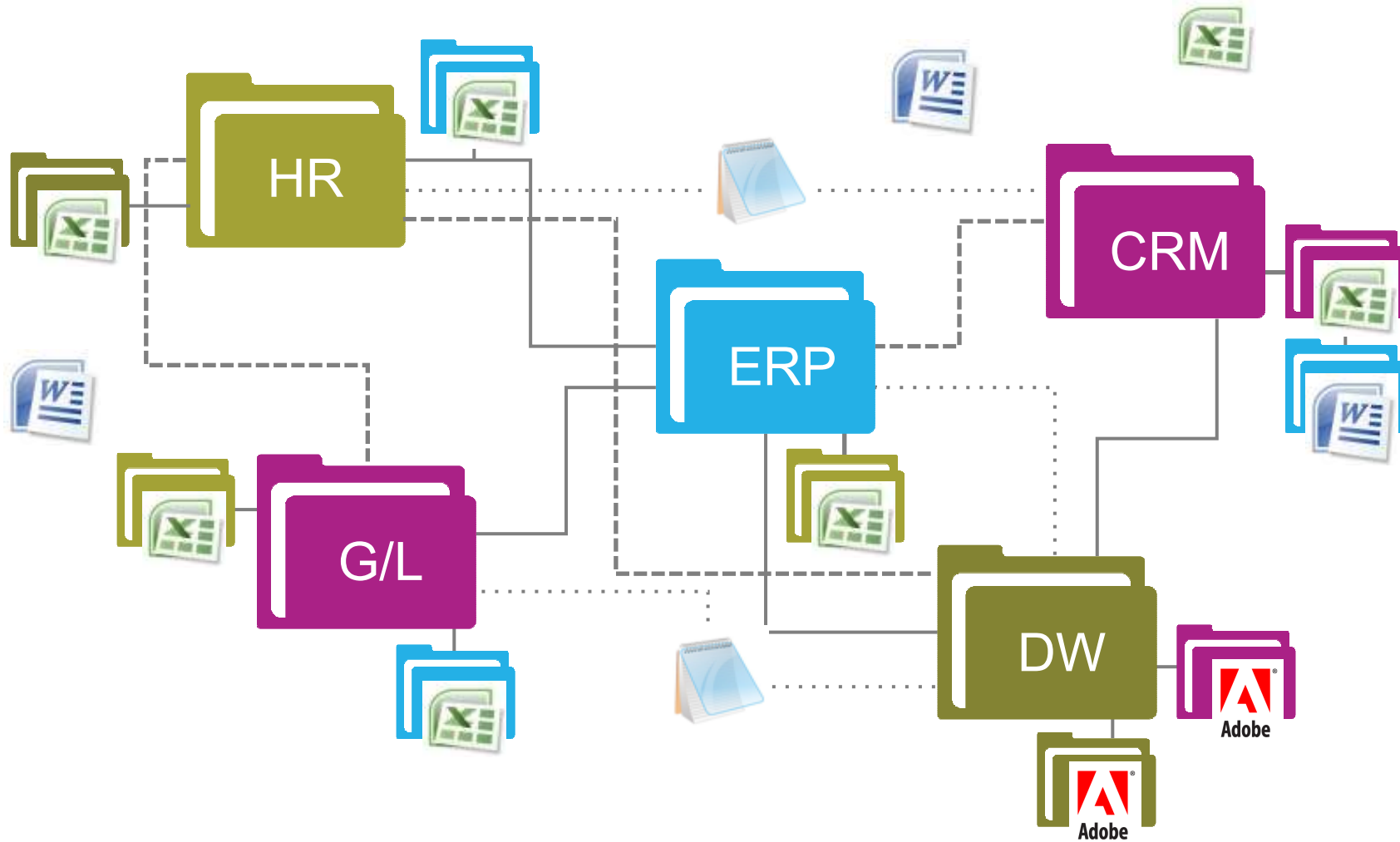
Performance potential squandered by poor practices



.....

30% of performance potential is lost due to
subpar performance management

Technology foundation is under pressure



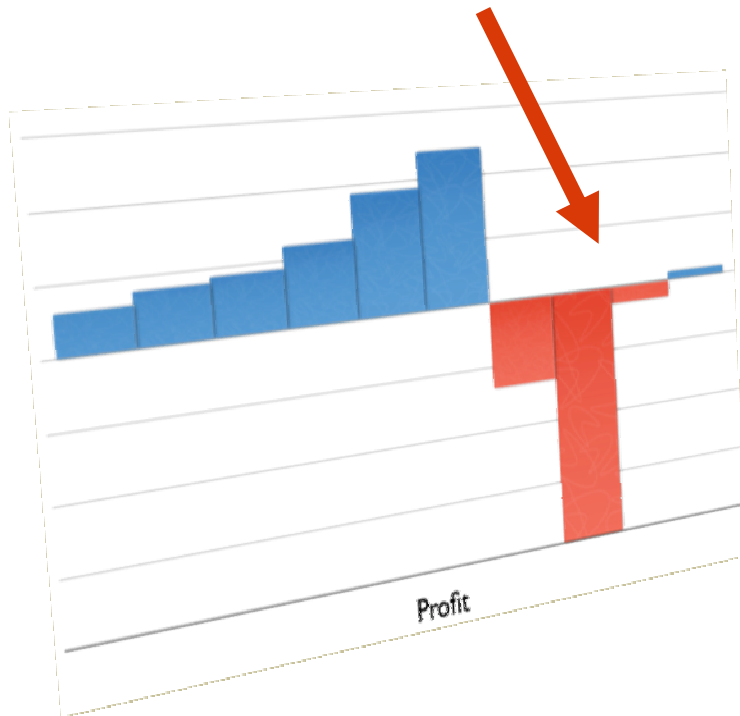
Speed and agility do not match the marketplace volatility

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



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

Which products, customers, segments?

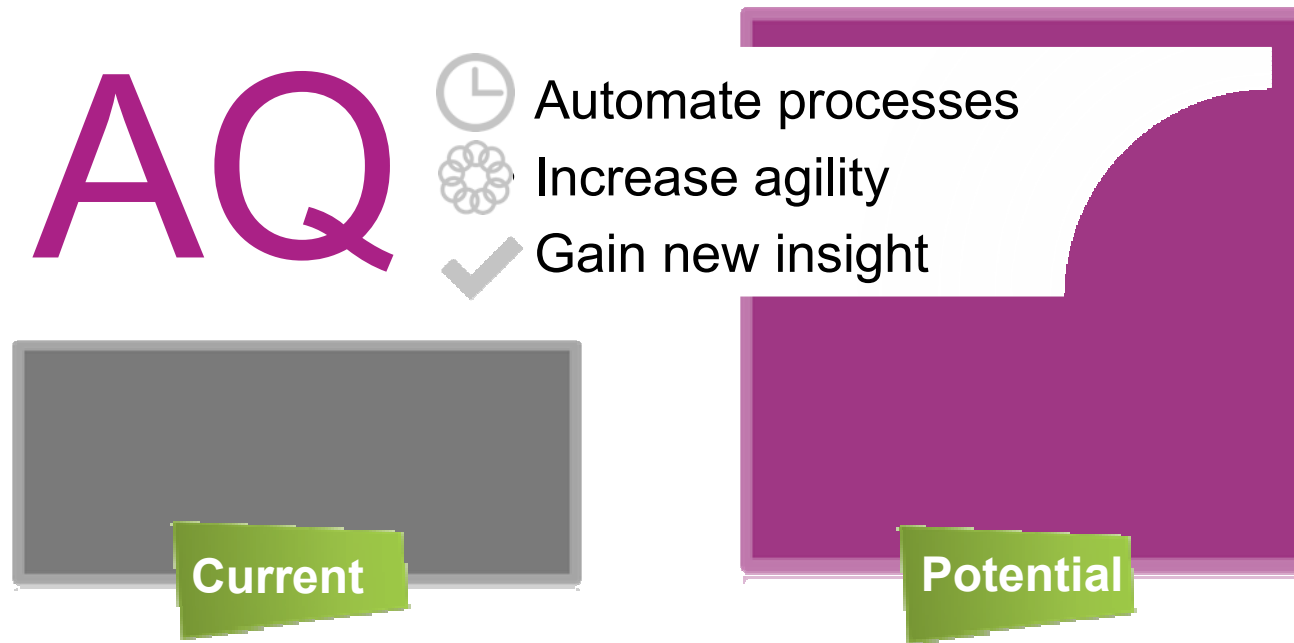


Profit and Loss Statement
For the Year ending 12/31/2011

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]	150	200	(50.0)	-25.0%
Research and Development				
Technology licenses	380	410	(30.0)	-7.3%
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]	120	120	0.0	0.0%
Total Operating Expenses [P=M+N+O]	920	830	90.0	12.7%
Income from Operations [Q=L-P]	1,380	1,315	65.0	4.9%
Taxes				
Total Taxes [S]	2,820	2,835	15	0.5%
Net Profit [T=Q+R-S]	512	501	11.2	2.2%
	2,308	2,334	27	1.1%

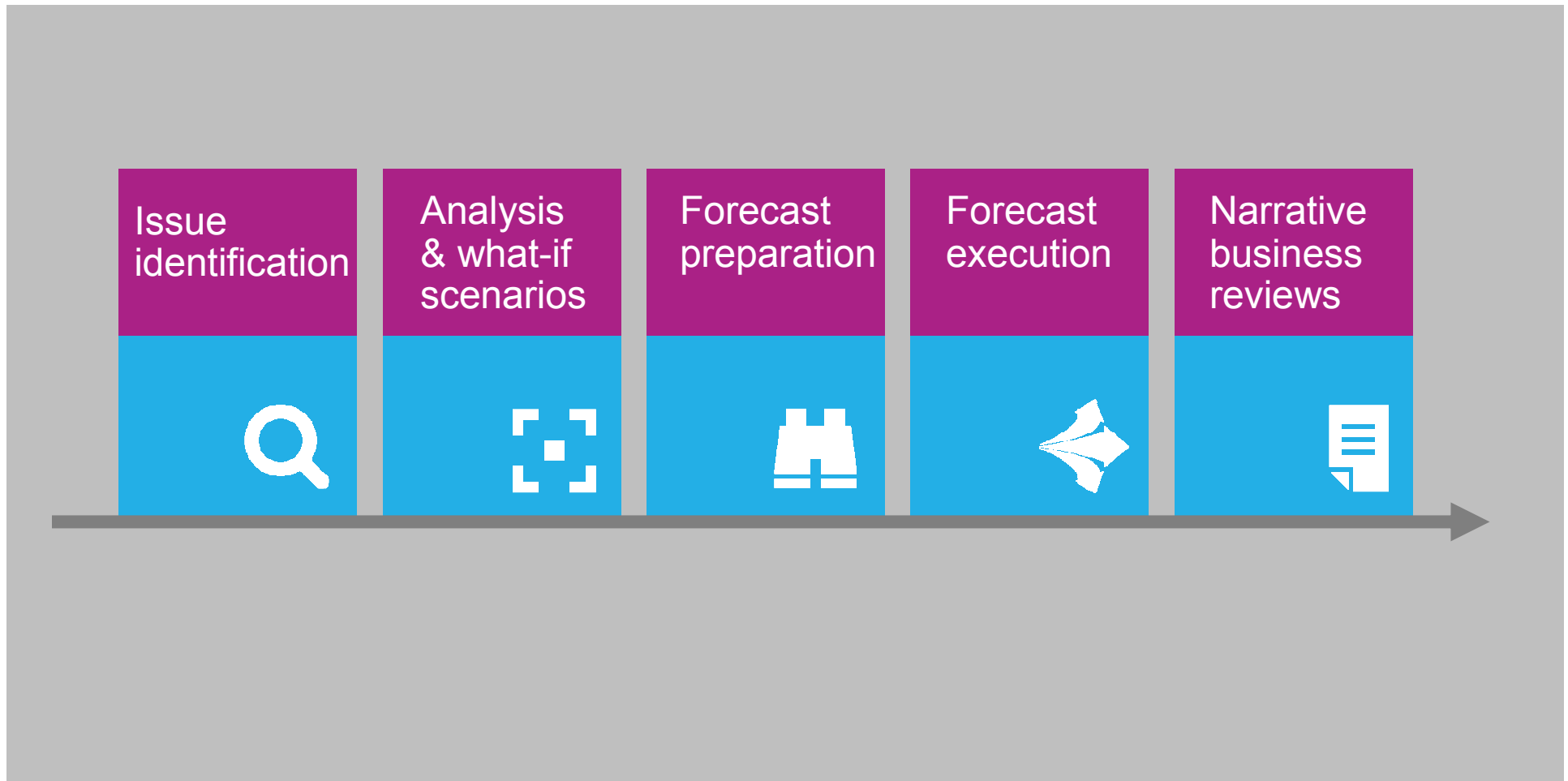
Raise your analytic maturity to gain the time, control, and confidence



.....

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

Aligning IBM Business Analytics to help transform the decision process

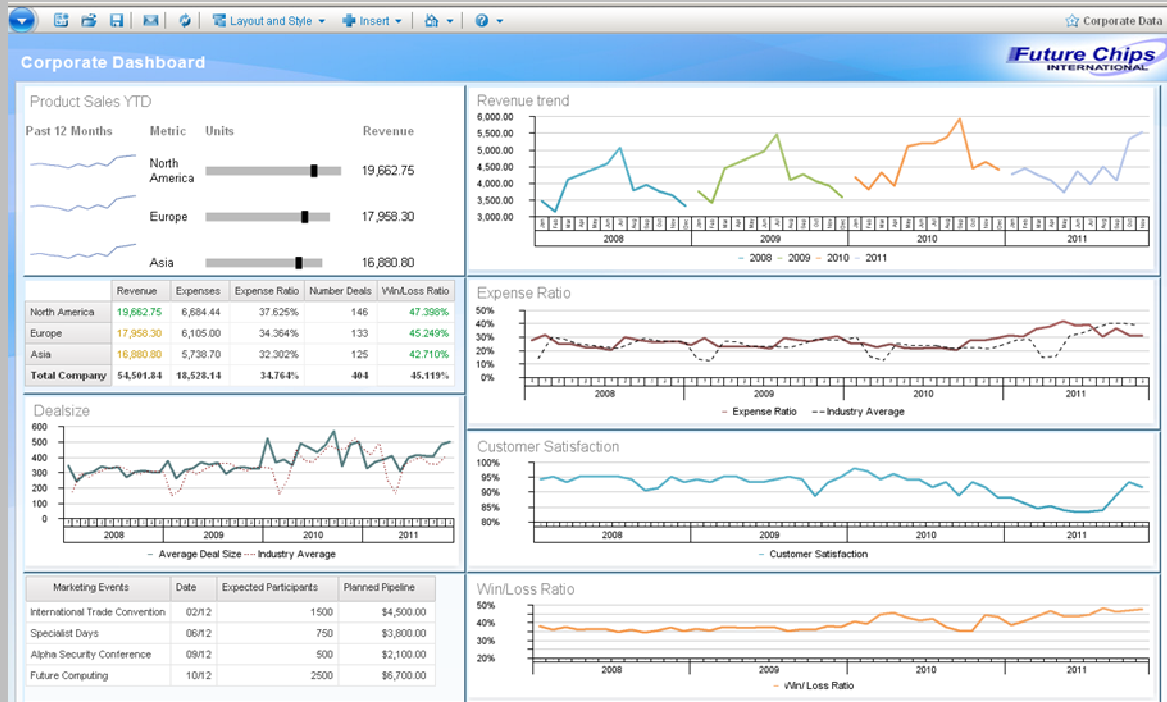


Transforming the decision process



From looking backward to looking forward

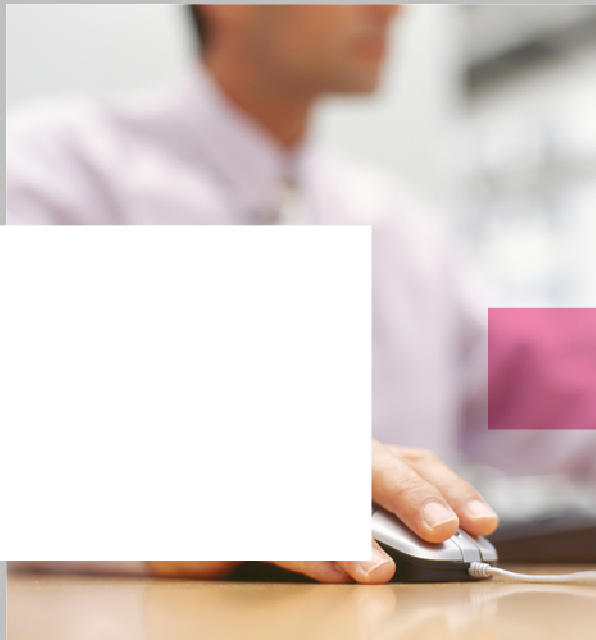
Leading vs. lagging | External & internal vs. internal only | Forecasting vs. budgeting only



IBM Cognos Business Intelligence 10 – comprehensive dashboards

Demo

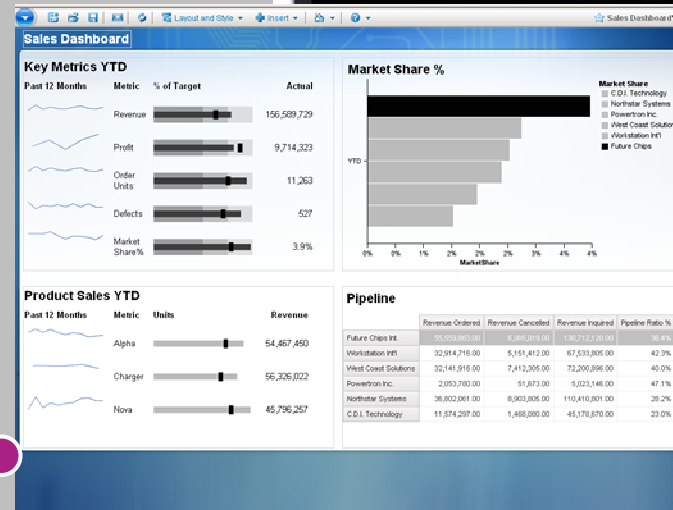
- **Review performance dashboard**



Insight everywhere you need it



- In the boardroom or 35,000 feet in the air
- Actionable information on the desktop and your mobile device (NEW)
- Timely, rich and interactive content



IBM Cognos 10 – Mobile and comprehensive dashboards

CFO Performance Dashboard

Finance ? - □

Company Logo

ERP/source web ? - □

[Link to ERP/source web interface](#)

CFO Home ? - □

Portal

Name ↕

[Finance Scorecard Metrics](#)

CFO Finance Analysis ? - □

Dashboard Reports

Name ↕

- [Financial Management](#)
- [Operational Revenue Management](#)
- [Operational Expense Management](#)
- [Capital Management](#)

CFO Finance Reports ? - □

Finance Reports

Name ↕

- [Balance Sheet](#)
- [Income Statement](#)

What-If Analysis ? - □

Name

- [What-If Analysis](#)
- [Setup](#)
- [What-If Analysis - DSO](#)
- [What-If Analysis - Product Sell](#)

Finance Scorecard Metrics

Measuring Period: YTD Measuring Currency: Report Currency

Financial Management							
	2011 - YTD		2011 - Full Year			Trending	
	Actual	Target	Budget	Forecast	Variance		
EBITDA ⚠️	□ ◇ ➡️	\$1,885,076	\$1,868,525	\$11,343,734	\$9,775,752	-14%	■ More
Net Income	□ ➡️ ○	\$1,507,032	\$1,559,002	\$9,461,399	\$7,574,591	-20%	■ More
ROIC	■ ◇ ○	36%	41%	56%	63%	7%	● More
Operating Profit (% of sales) ⚠️	□ ➡️ ○	52%	53%	53%	49%	-4%	◇ More

Operational Revenue Management							
	2011 - YTD		2011 - Full Year			Trending	
	Actual	Target	Budget	Forecast	Variance		
Gross Sales	□ ◇ ➡️	\$3,535,224	\$3,438,533	\$20,807,330	\$19,238,694	-8%	■ More
Avg. Sales Value/Unit	□ ◇ ➡️	\$5,237	\$4,403	\$4,420	\$5,007	13%	● More
Market/Selling Price Realization	□ ◇ ➡️	86%	77%	77%	76%	-1%	◇ More

Operational Expense Management							
	2011 - YTD		2011 - Full Year			Trending	
	Actual	Target	Budget	Forecast	Variance		
SG&A%	□ ➡️ ○	11%	10%	10%	14%	3%	◇ More
Gross Margin%	□ ➡️ ○	71%	72%	72%	72%	0%	◇ More
Material Cost%	□ ➡️ ○	15%	15%	15%	13%	-2%	● More
Distribution Cost%	□ ◇ ➡️	3%	4%	4%	3%	-1%	● More

Capital Management							
	2011 - YTD		2011 - Full Year			Trending	
	Actual	Target	Budget	Forecast	Variance		
Capital Efficiency	□ ◇ ➡️	\$42	\$36	\$32	\$32	0%	● More
Cashflow	□ ◇ ➡️	\$2,173,232	\$1,463,634	\$10,697,366	\$9,260,314	-13%	■ More
Days Sales Outstanding	■ ◇ ○	52.2	41.3	37.6	43.4	15%	■ More
Days Payable	□ ◇ ➡️	10.0	5.4	9.8	11.5	18%	● More
Days in Inventory	□ ◇ ➡️	12.1	12.3	12.0	10.4	-13%	■ More

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Transforming the decision process

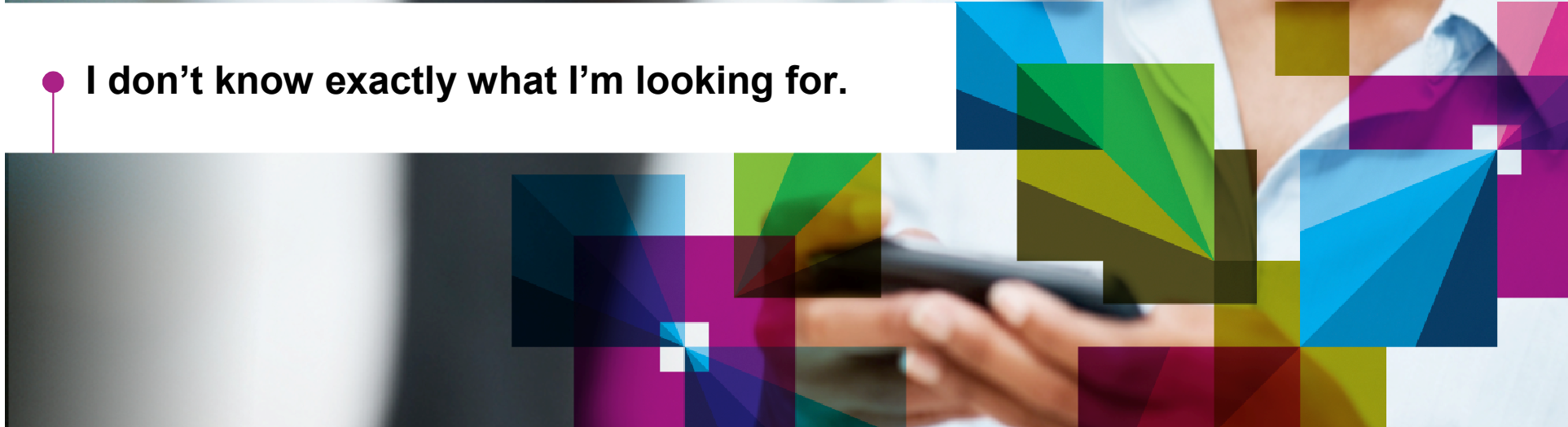




● **The data I need
is not just in
corporate systems.**



● I don't know exactly what I'm looking for.





● **I can't afford to wait for someone else to build it.**



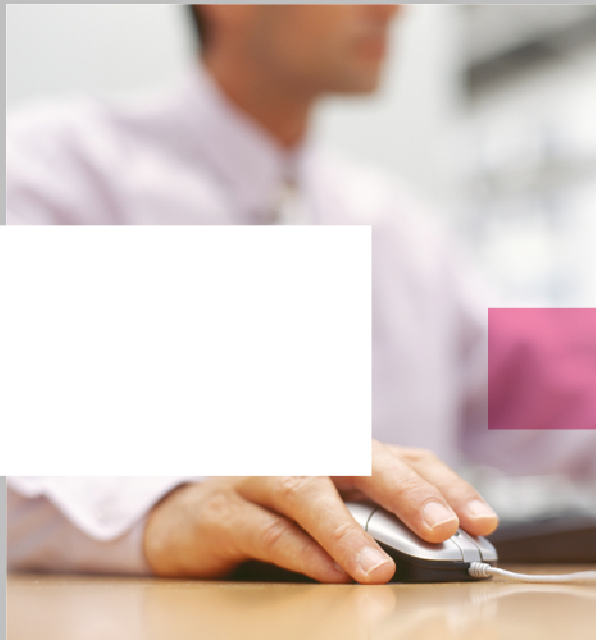


- **We need to understand and respond faster to marketplace changes.**



Demo

- **Analysis and what-if scenarios**





ycle Bin



Cognos
sight

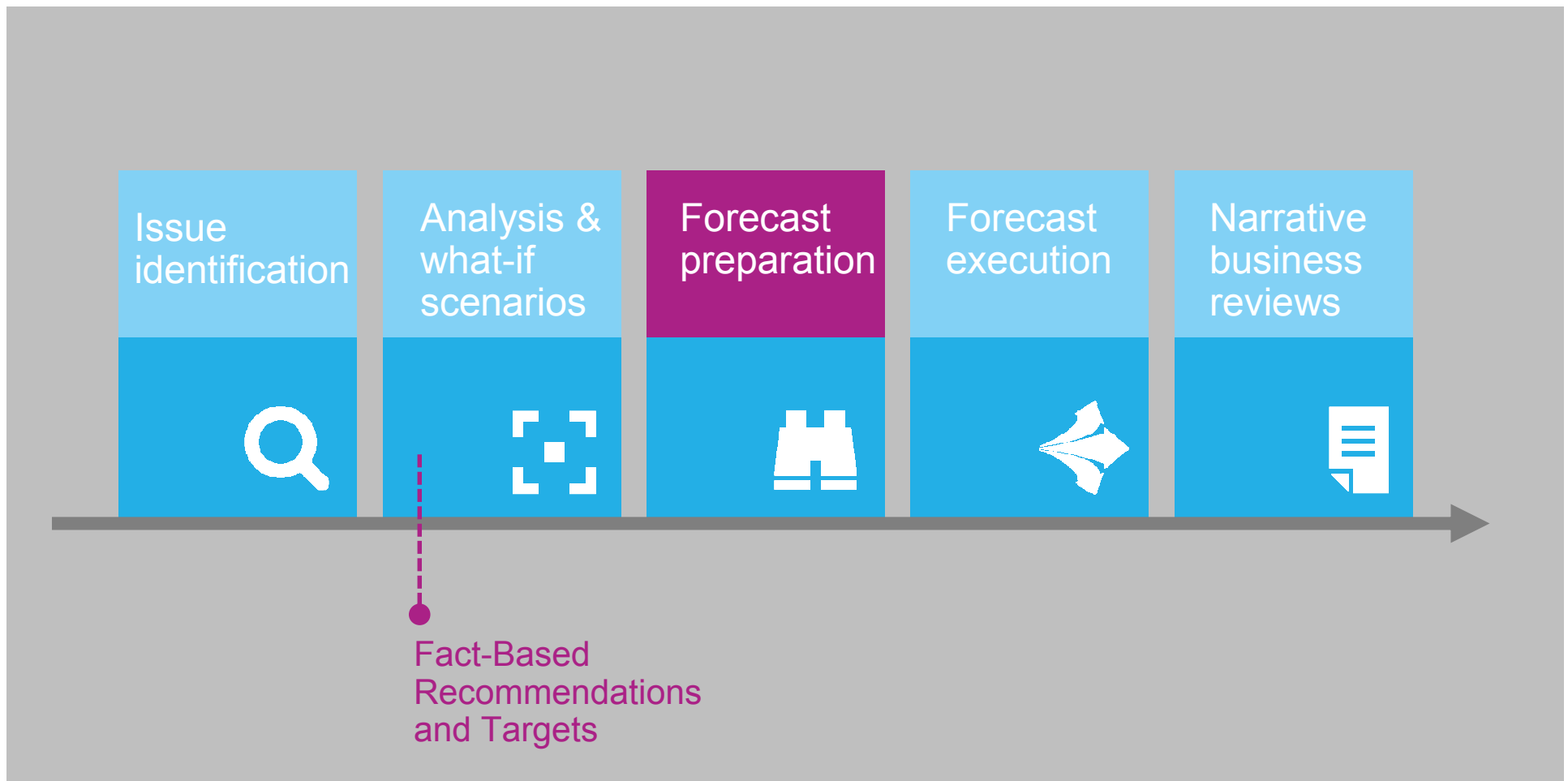


petitors
012



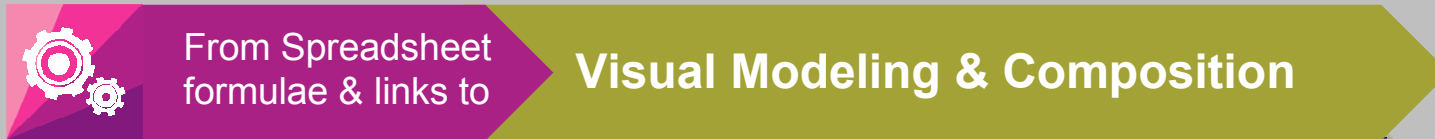


Transforming the decision process



From spreadsheet formulas and links to visual modeling

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



`=100*(Sheet2!B$29+'[Northern Region.xls]Frcst'!B3+'[Southern Region.xls]Forecast'!B3+'[Northern Region.xls]Sheet2'!B3)`

The screenshot shows two model windows side-by-side. The left window is titled 'Price and Cost' and the right is 'Revenue Plan'. Both have a 'Dimensions' pane on the left and a 'Members' table at the bottom. A 'Mappings' window is also visible between them.

Name	Links
Unit Sales Price	1
Unit Cost	1
Margin	
Margin%	

Name	Links
Quantity	
Unit Sales Price	1
Gross Sales Revenue	
Discounts and	
Net Sales Revenue	
Unit Cost	1

IBM Cognos TM1 10 (Performance Modeler)



Forecasting in a Dynamic and Changing Business Environment.....

New Product Launches

Organization Restructures

Acquisitions & Divestitures

Entry Into New Markets

Business Model Changes (i.e., Outsourcing)

New ERP or G/L Accounts (G/L Restructure)

Scenarios for Unexpected or Emerging Events

***Incorporate New Targets, Assumptions, Drivers
or Measures***

Intuitive modeling and application deployment



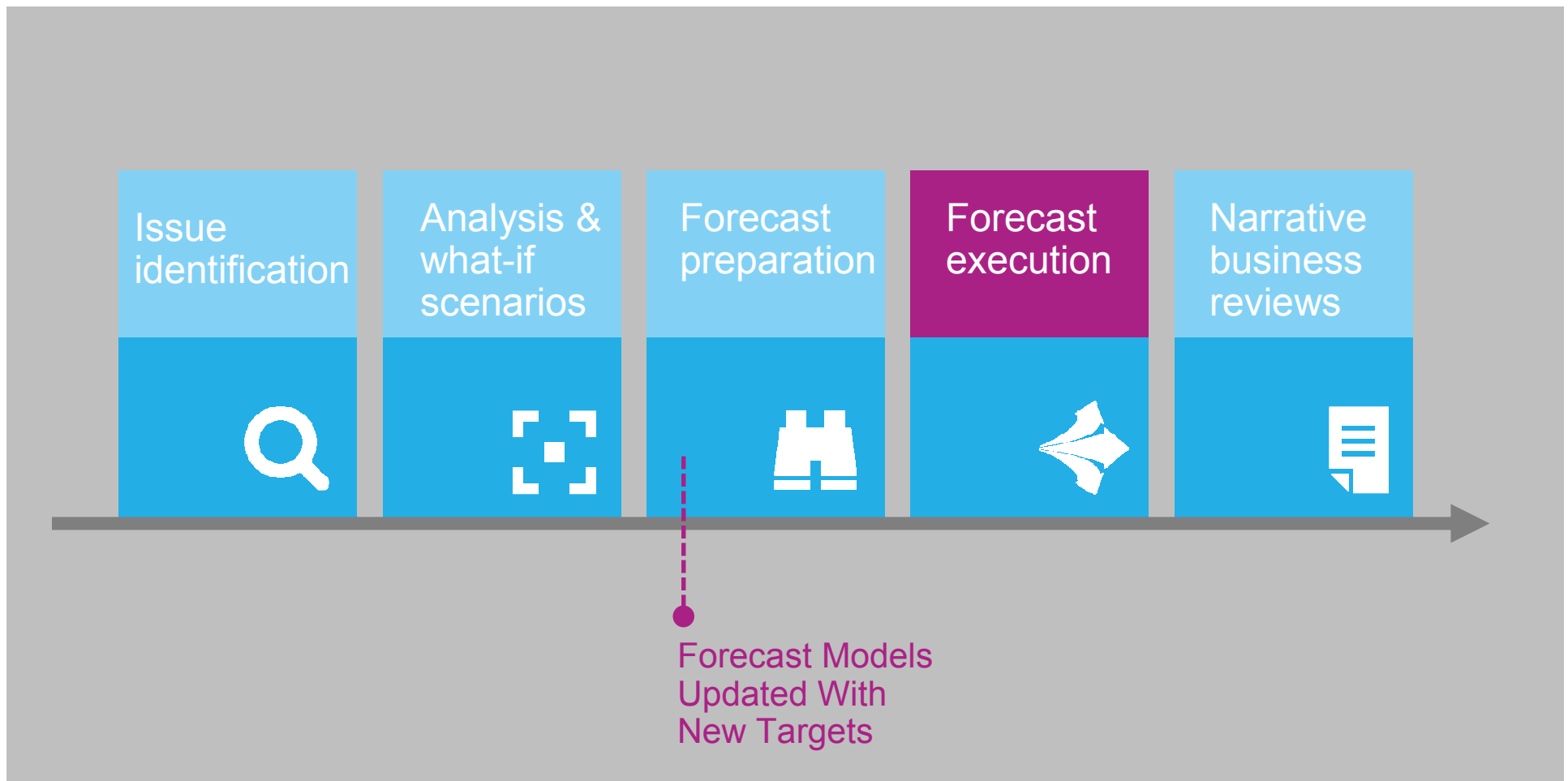
- Multidimensional modeling tools
- Big time savings, less risk and better visibility
- Visual interface for intuitive modeling

The screenshot displays the IBM Cognos TM1 Performance Modeler interface. On the left, there is a tree view showing the project structure under 'VOTTBIDEM001.ent.ad.cognos.cor'. The main workspace shows a circular workflow with four steps: 1. Define Views, 2. Define the Approval Hierarchy, 3. Deploy the Application, and 4. Define Security. A 'Properties' panel at the bottom right shows details for the selected application.

Property	Value
Type	Application
Application Name	Revenue_analysis
Application Type	Approval
Created by	bob.business
Deployed	Yes
Saved	No
Enable Charting	Yes
Enable Multiple Sandboxing	Yes

IBM Cognos TM1 10 (Performance Modeler)

Transforming the decision process



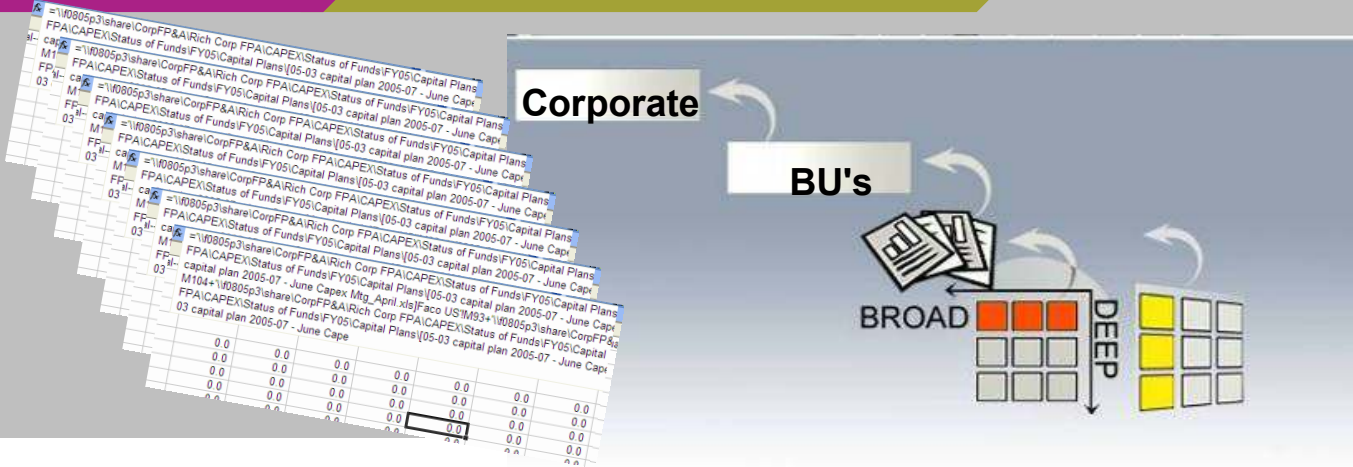
From detailed and numeric to Driver-based forecasts

From detailed and numeric to

Driver-based forecasts

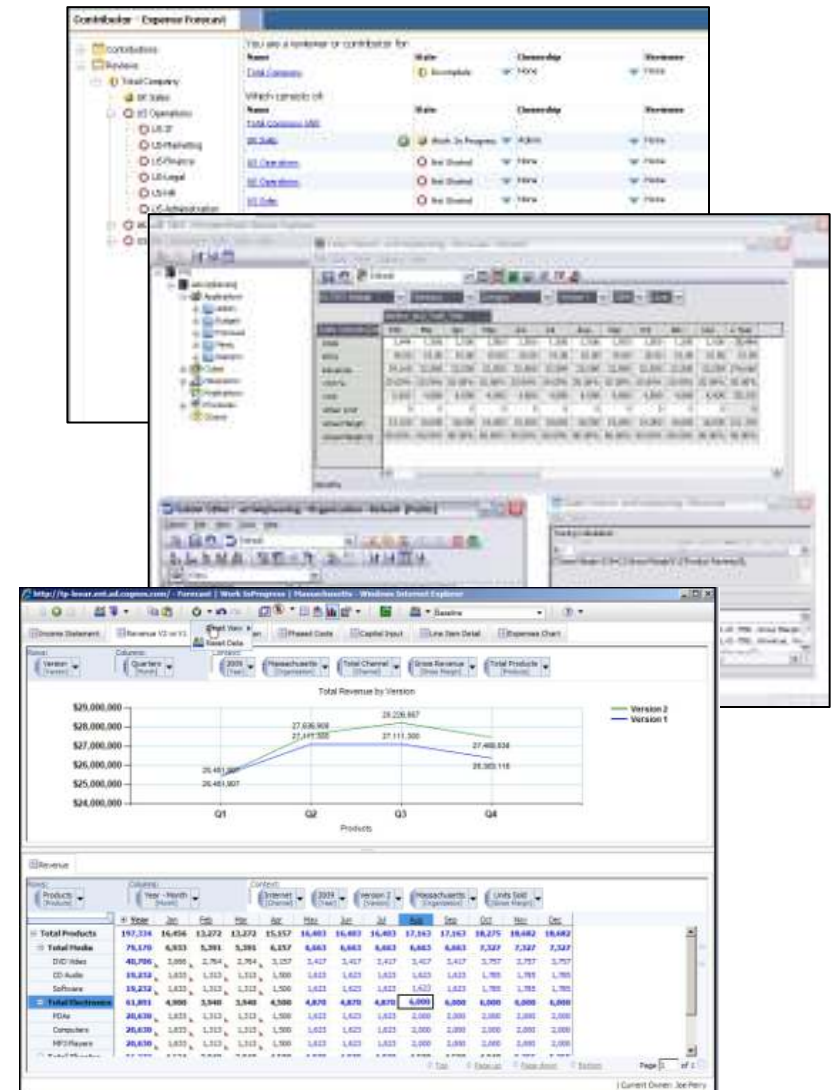
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL	YTD Actuals Variance	YTD Act Var %	Total Variance	Total Var %
Revenue	143.00	150.00	176.00	166.00	200.00	180.00	181.00	190.00	200.00	200.00	210.00	260.00	2256.00	-66.00	-7%	256.00	13%
COS	92.95	97.00	114.00	108.00	131.00	117.00	117.00	125.00	131.00	132.00	140.00	180.00	1484.95	-97.05	-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%	

From manual aggregation to Process automation



IBM Cognos TM1 Managed Contribution

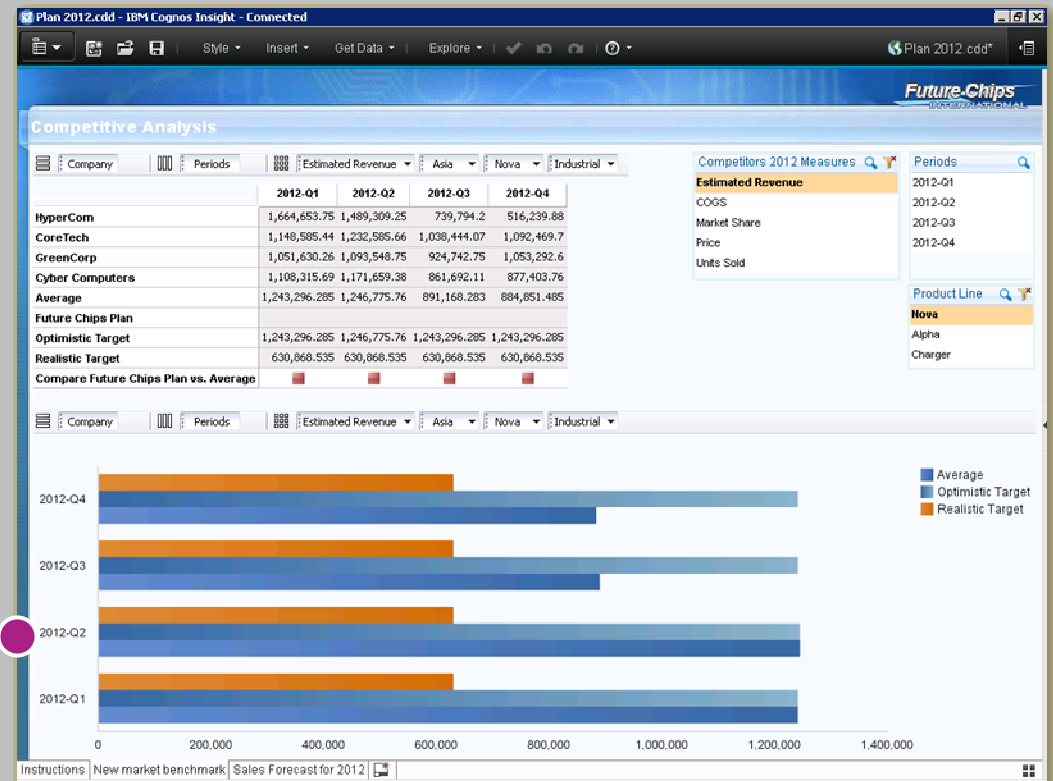
- High performance, in-memory, read/write OLAP architecture for high volume modeling and real-time aggregations
- A robust planning and analysis solutions that can be easily deployed across the organization
- Expression based modeling environment to define planning and analysis assumptions
- On demand interactive simulation to test business scenarios
- Workflow for managing forecast contributions
- Owned by finance/business users



Planning, analysis, forecasting & profitability modeling

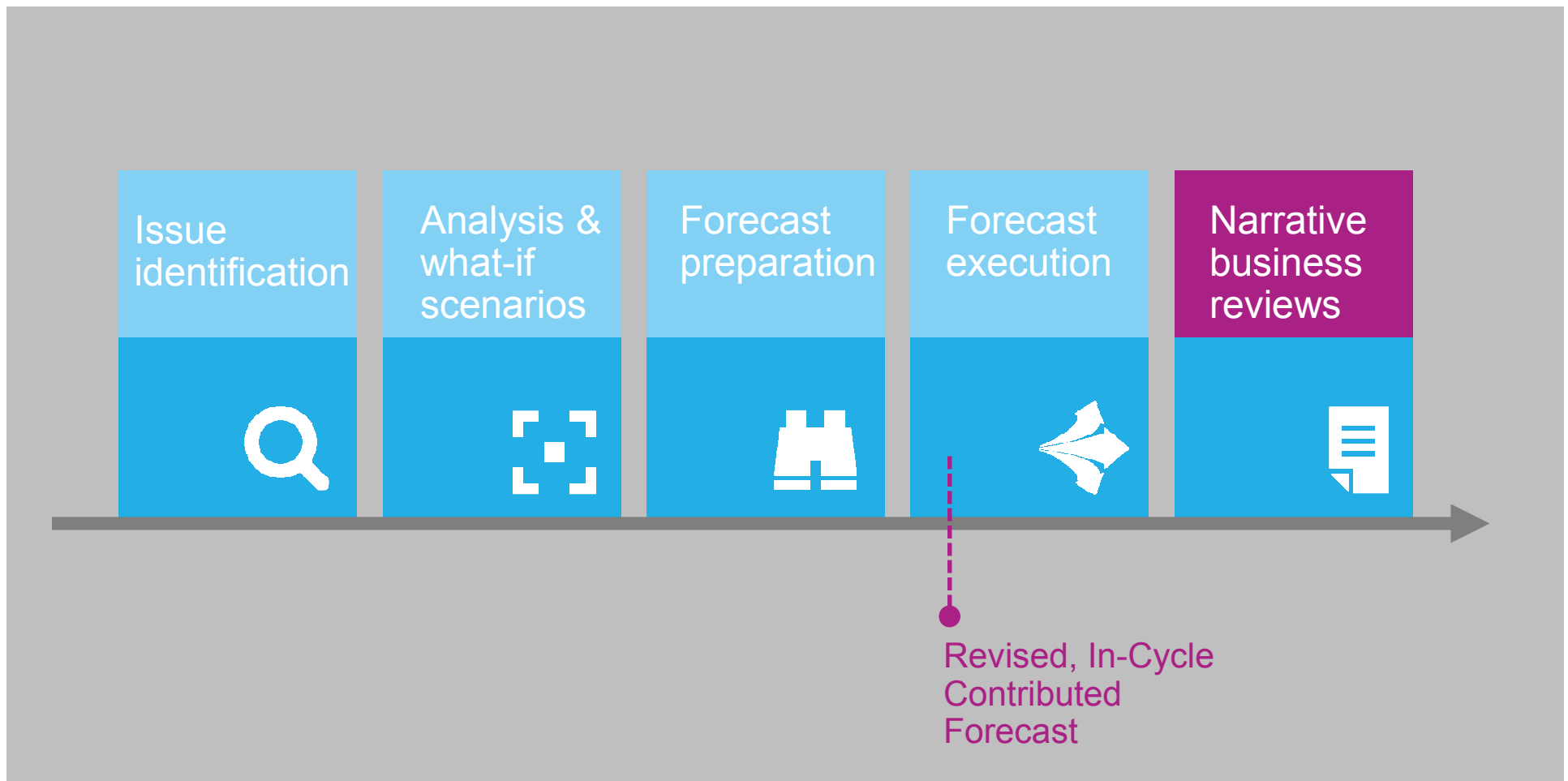


- Driver-based models
- Easier scenarios to address risk
- Easy distribution and aggregation of templates
- Real-time reporting against plan, budgets and forecasts



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

Transforming the decision process



Narrative-based reviews flush out what is really happening

Narrative Performance Reporting:



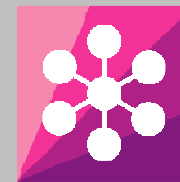
Analytical insight



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

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

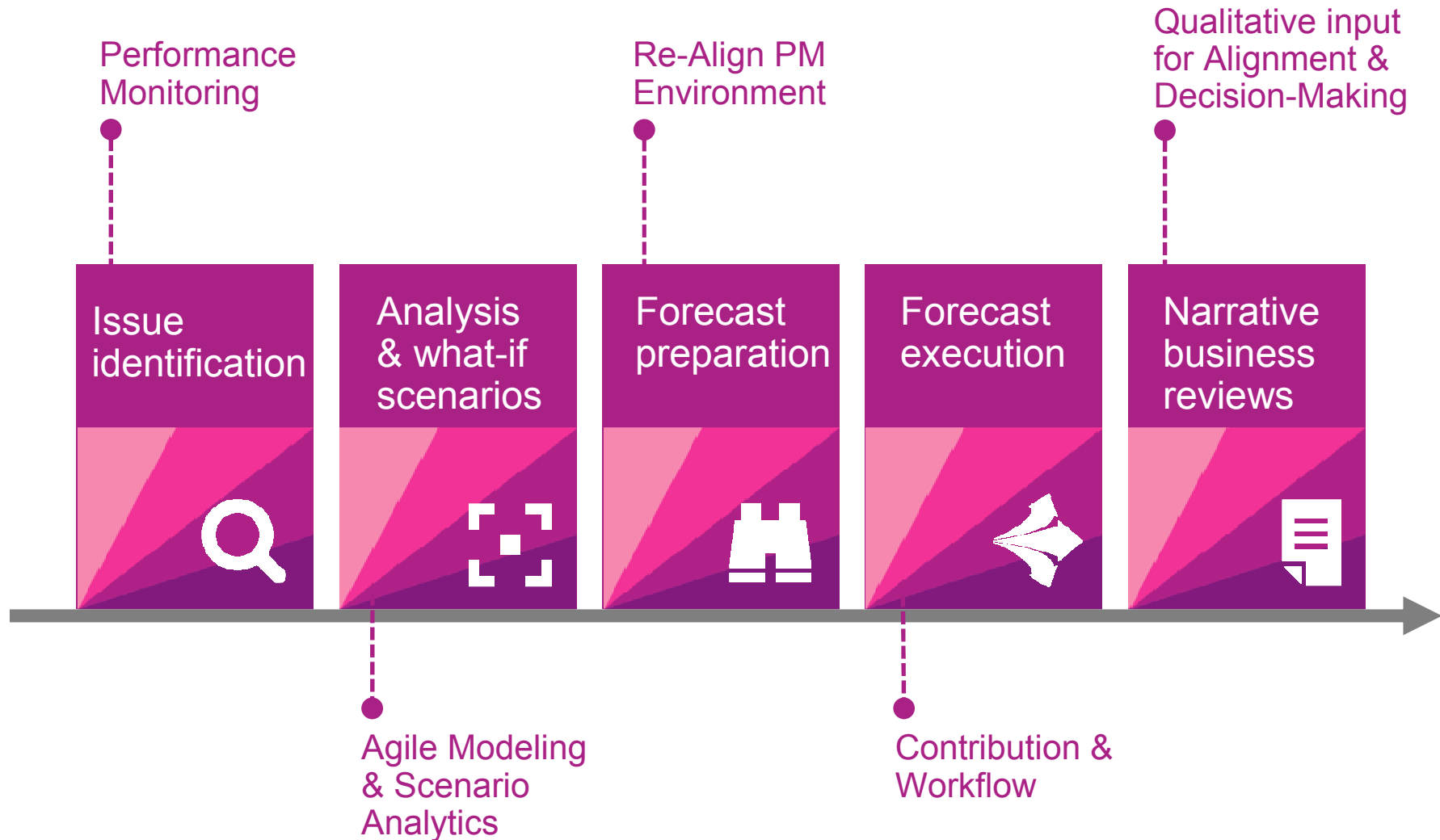
Internal Auditor - 2.4 %	Reviewer - 8.4 %	Assistant Controller - 1.2 %	Data Contributor - 12.1 %	Manager - 4.8 %
External Auditor - 1.2 %	Legal - 7.2 %	Chief Accounting Officer - 6.0 %	Director Financial Reporting - 24.1 %	Controller - 9.6 %
				XBRL Tagging - 21.7 %
				Test Workflow - 1.2 %

Status by Object

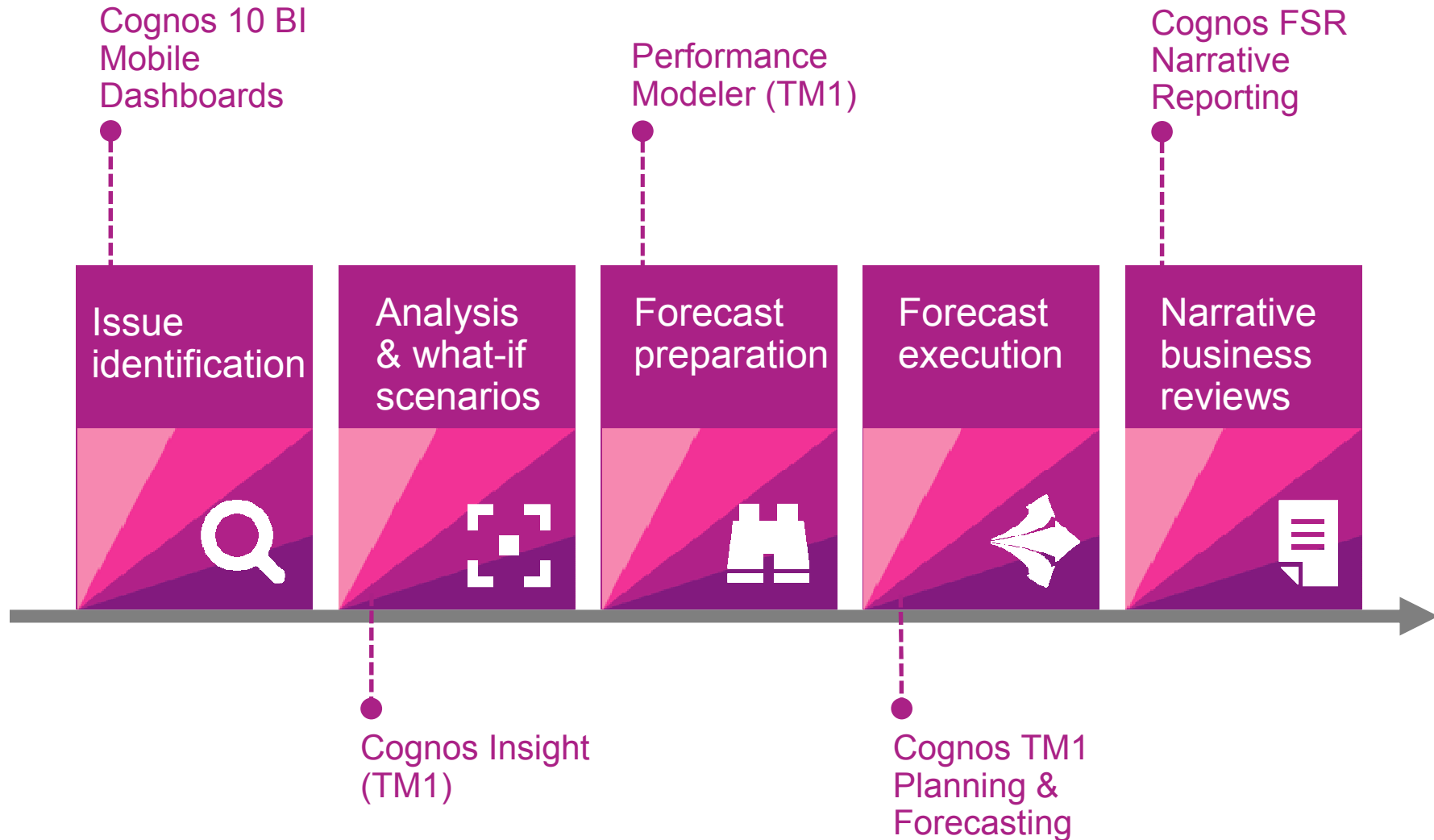
Assigned To	Section Name	Report Object	Status	Object Type	Content
Director Financial Reporting	Variable Management	Variable List	Manager	Normal	MS-Excel
Director Financial Reporting	Front Cover Page	Cover Page	Director Financial	Normal	MS-Word
Reviewer	Print Default Settings	Default Page Setup	Reviewer	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

IBM Cognos Financial Statement Reporting (FSR)

Smarter Analytics. Smarter Outcomes.



IBM Cognos – Transforming the Decision-Making Process



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

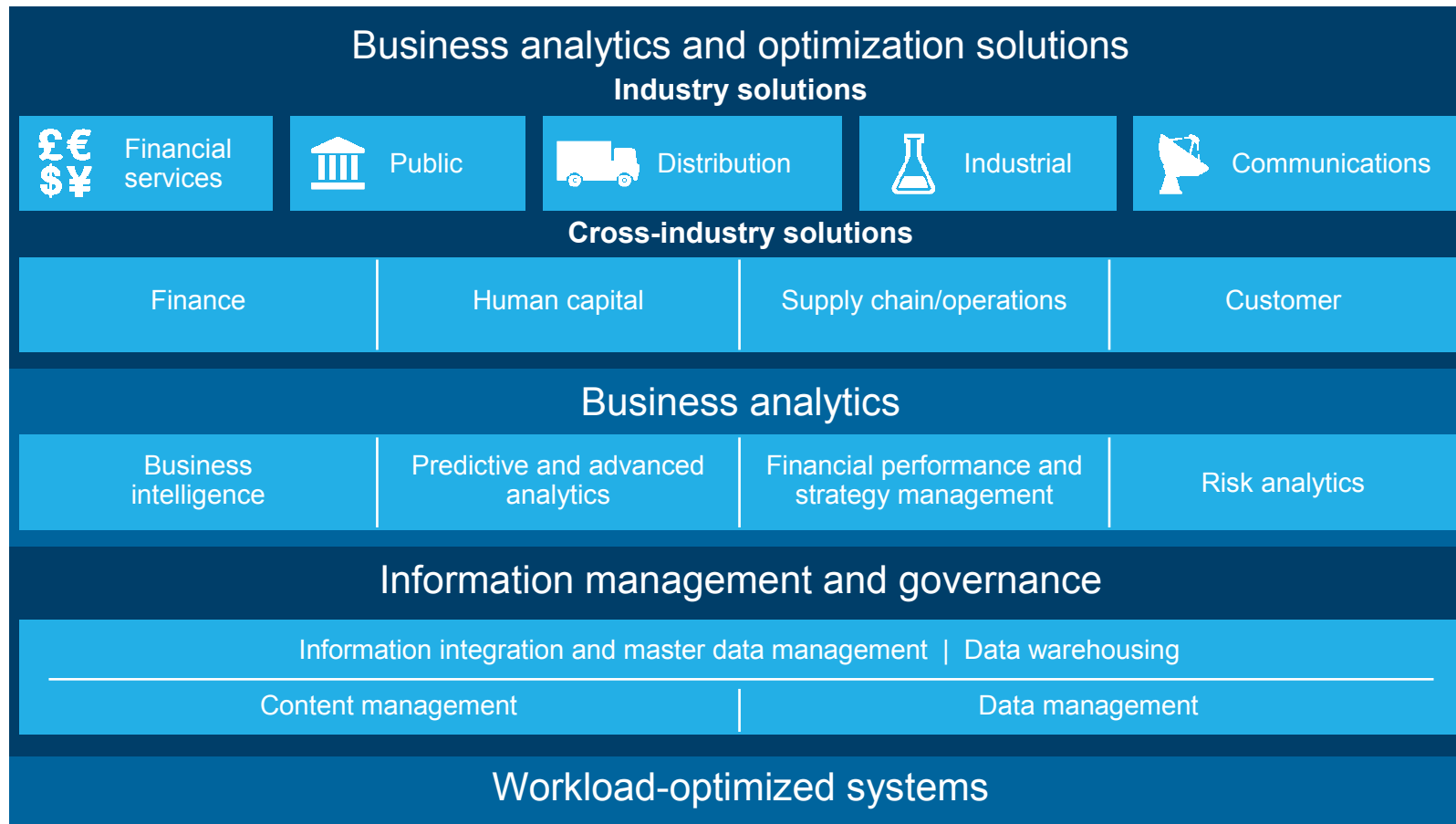


Confidence

Improve effectiveness and outcomes

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


IBM business analytics: complete capabilities





IBM

the best partner
for your analytics journey

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

Join the breakout sessions to learn more

Thank you

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