

BusinessConnect
A New Era of Smart

Driving a Future-Ready Enterprise

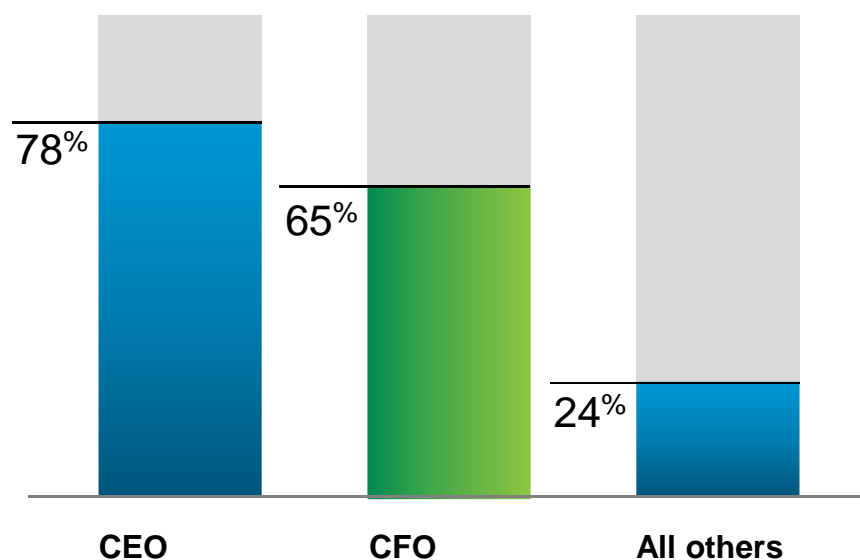


CFO insights from the IBM Global C-suite Study: 576 CFO interviews from around the world



CFOs rank second only to CEOs in collaborative C-suite influence

C-Suite collaboration partners



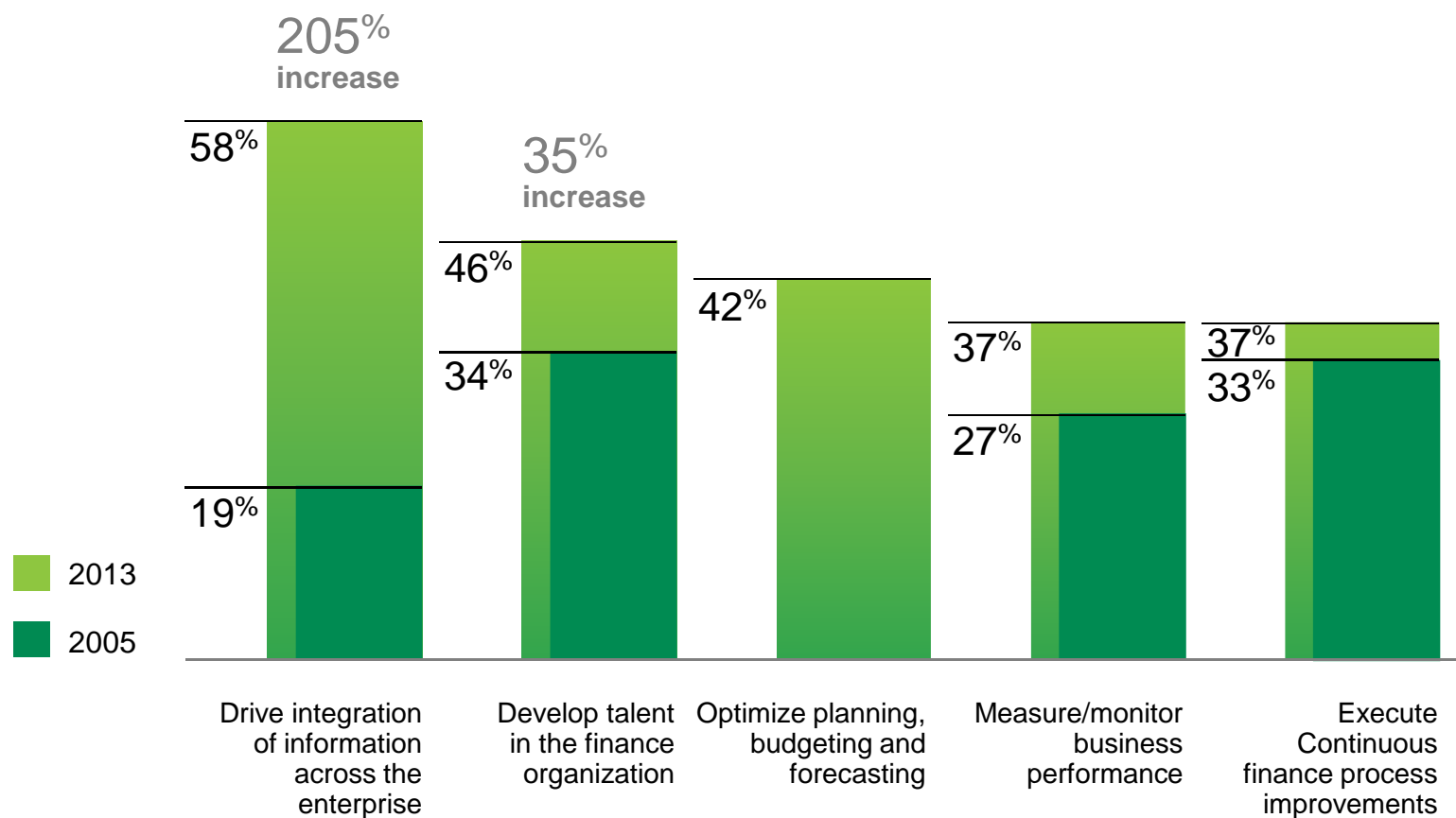
Finance has a role in bringing balance to the funding of innovation. We play a role in challenging ideas and calling out where they are not working. Finance applies discipline to the process

CFO,
Life Sciences, Unites States



The gaps between importance and effectiveness have grown since 2005, demonstrating growing business pressures

Largest gaps between importance and effectiveness



Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014

Source: Question CFO1--How important are each of the following areas of responsibility to your enterprise? CFO2: How effective is your organization in the following area?

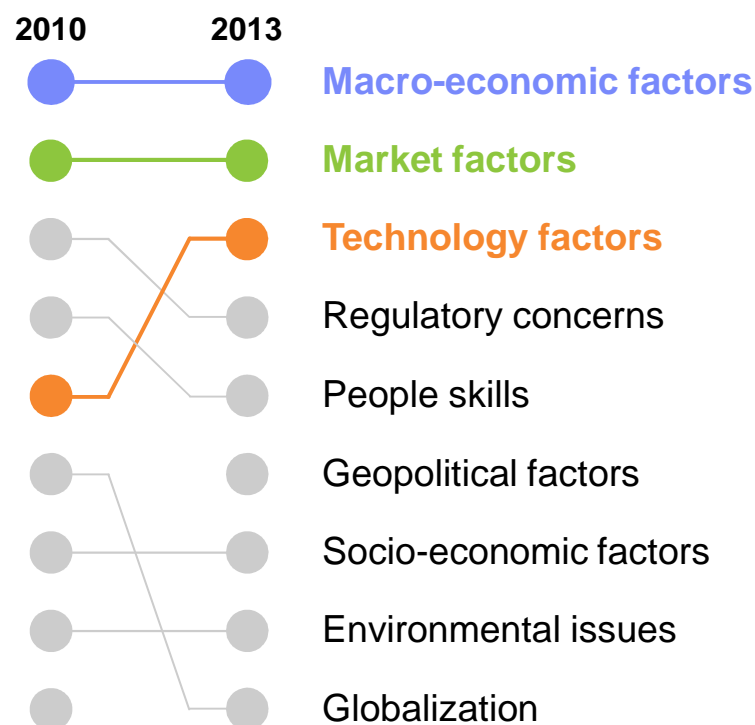


Technology is of ever-increasing importance to CFOs—the key moving forward is capturing its potential



We need to have the right information on time and give it the interpretation value. There is a need to frame information in a financial focus

CFO
Industrial Products company, Mexico



Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014
Source: Question E8--What are the most important external forces that will impact the enterprise over the next 3 to 5 years?



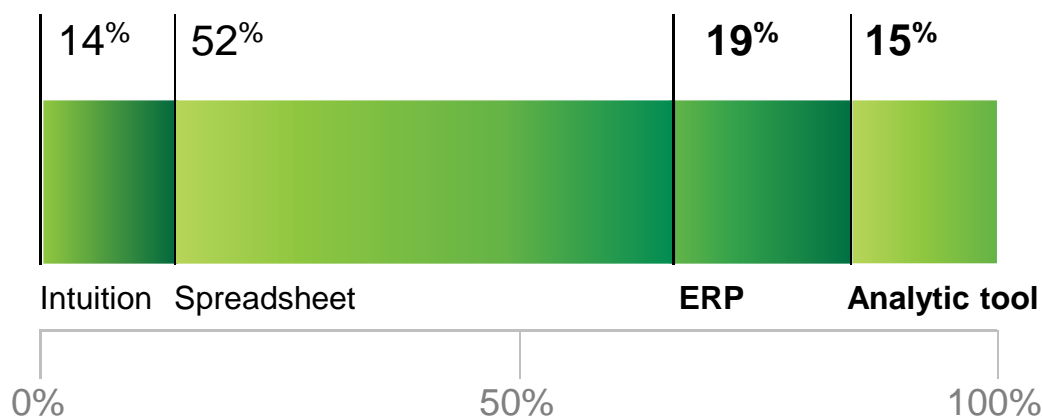
Finance organizations continue to rely on spreadsheets and intuition two-thirds of the time

Capabilities/tools used to support Finance



We need to ensure we deliver value through changing technology versus being a slave to our systems

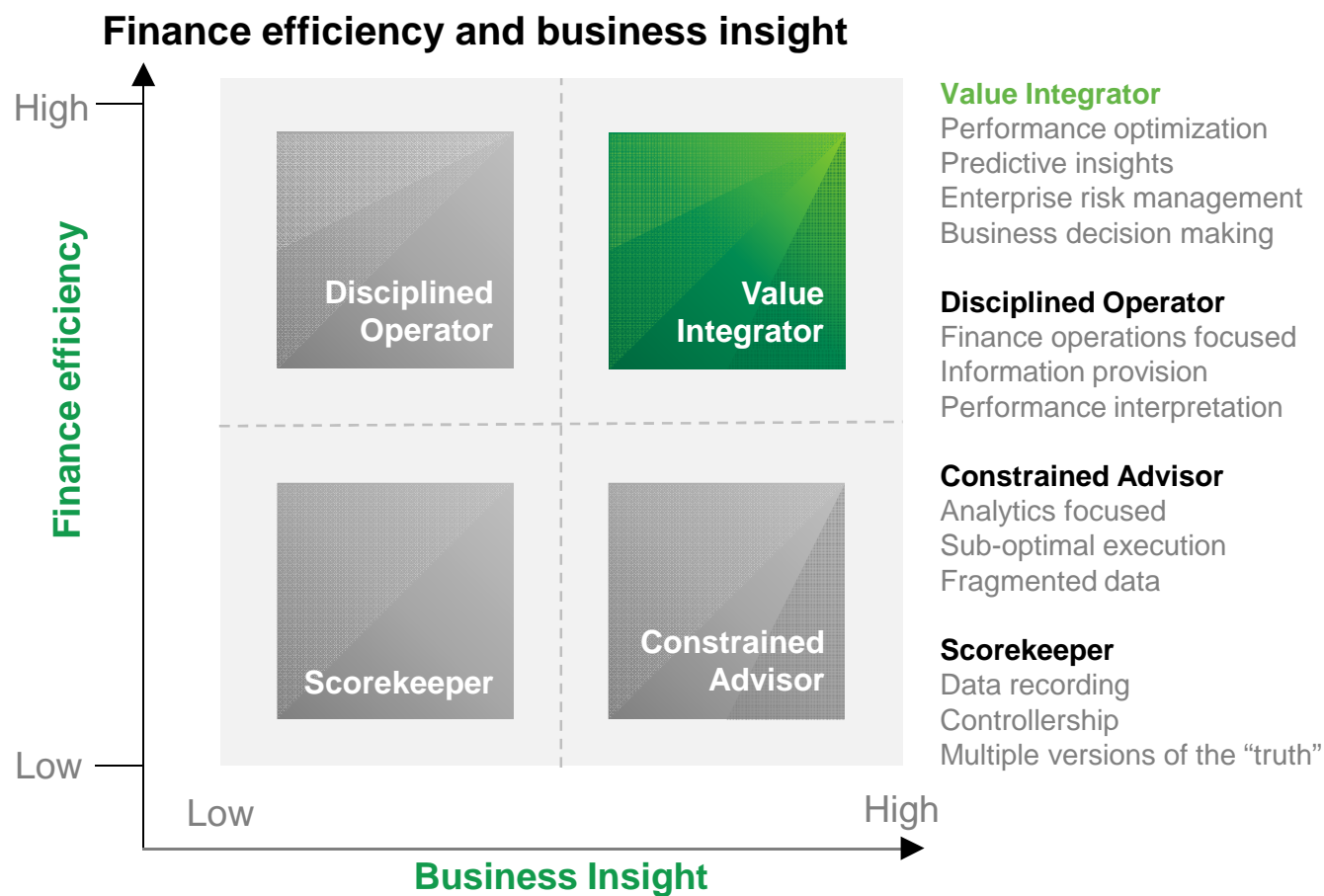
CFO,
Insurance, United Kingdom



Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014
Source: Question CFO6--What capabilities / tools does your organization use for the following activities?

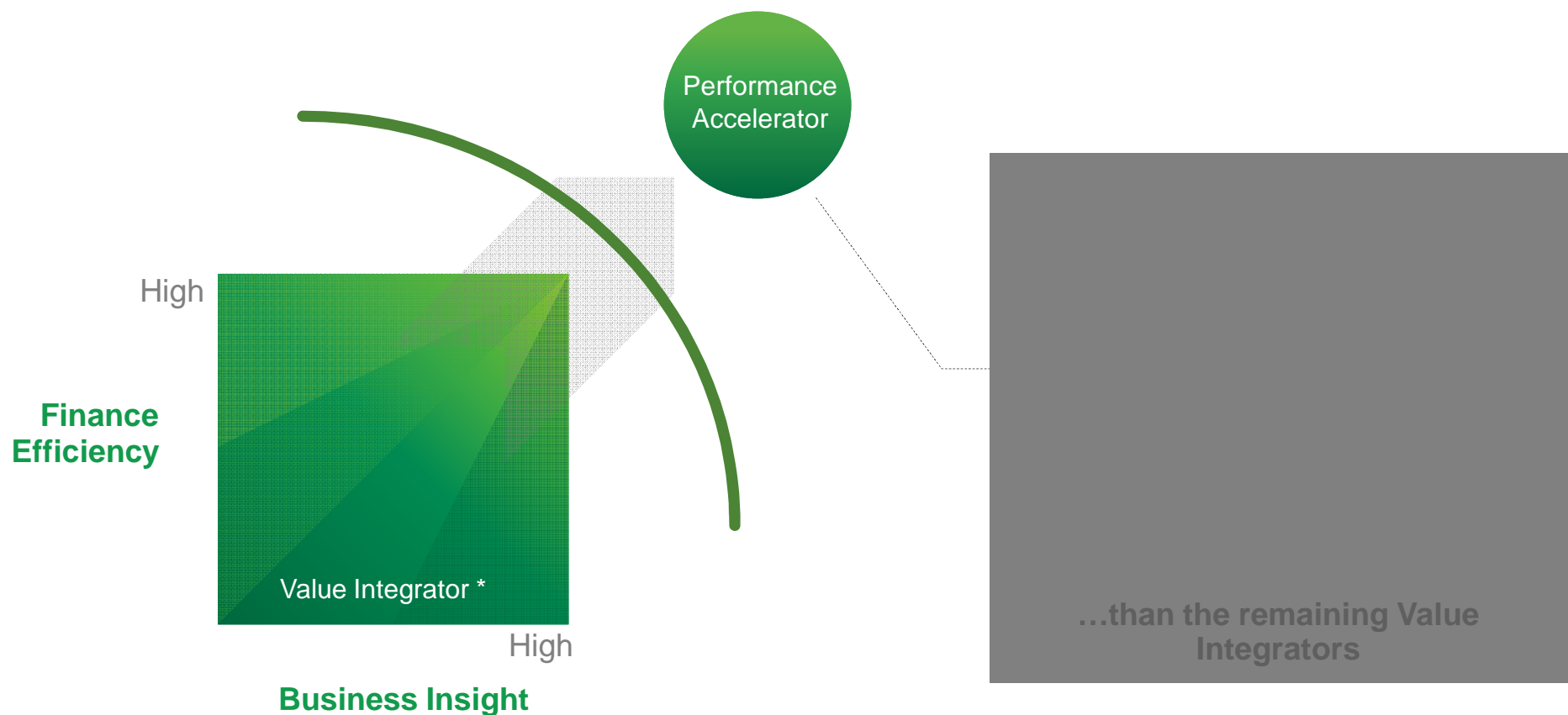


Flashback: The 2010 Global CFO Study identified 4 Finance profiles, with one group, Value Integrators, outperforming the rest



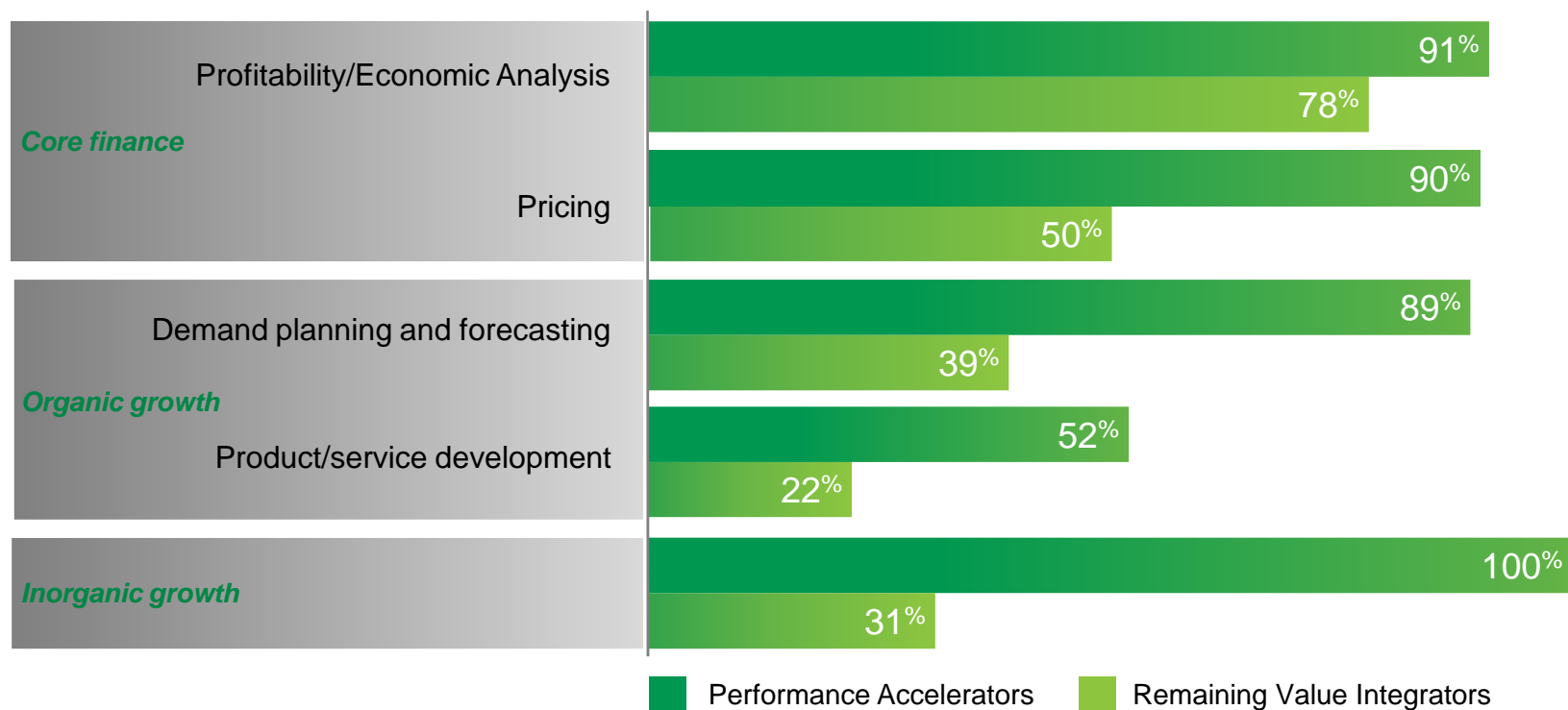
Flash forward: Value Integrators are pushing the boundaries of efficiency and insight.

A subset are emerging as Performance Accelerators



Performance Accelerators are defined by the fact that they're both better at performing core tasks *and* more willing to enter new arenas

Effectiveness of Finance

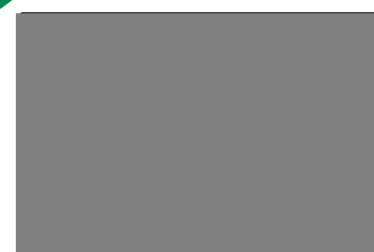
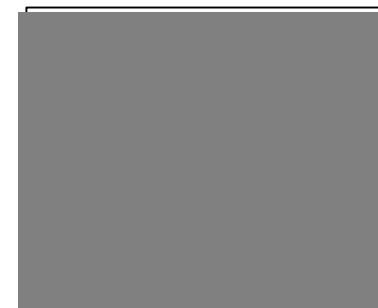
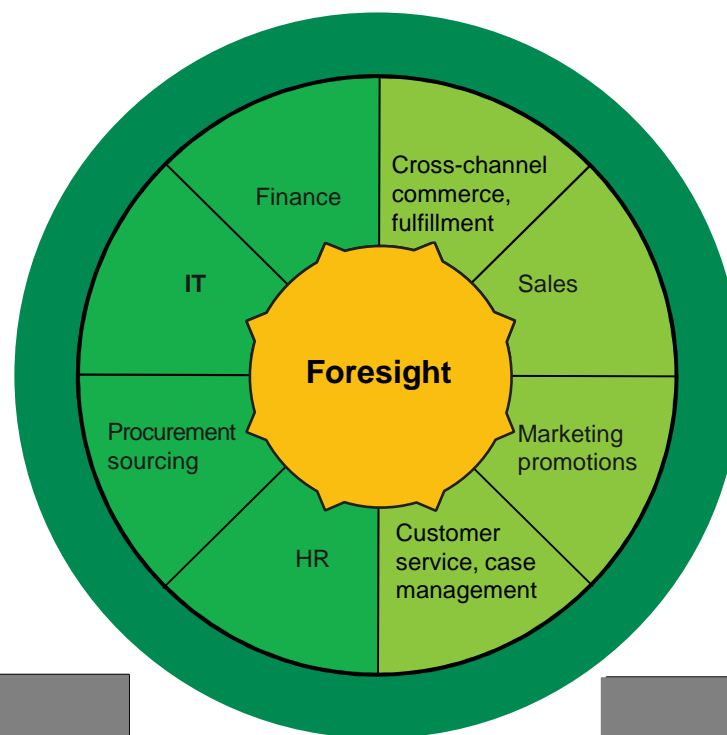


Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014
 Source: Question CFO5--How effective is Finance in the following areas?

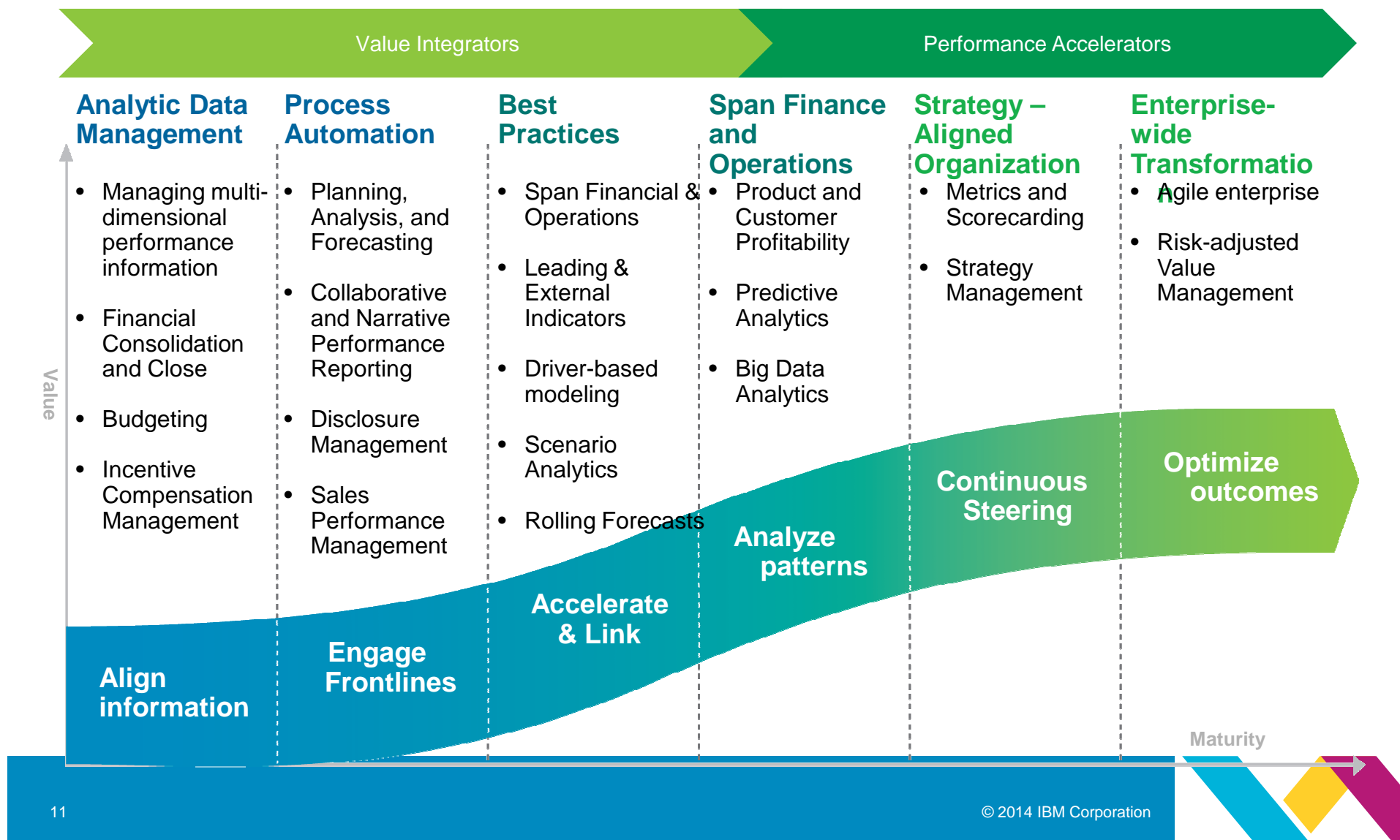


Strong business foresight defines a future ready enterprise

Key characteristics



Path to become a future ready enterprise



A.G.Barr is benefiting from a much faster and more flexible way to handle and deliver reporting

Results

- Fast and accessible reports
- Create daily and weekly sales reports broken down by brand, customer and gross margins
- Run provisional figures at the beginning of the month to predict, identify and address problems before they actually affect the business



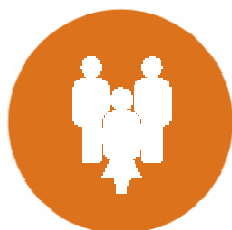
The Cincinnati Zoo and Botanical Garden

Analytics drives bottom line results

*Listening to the customer
increases revenue:*

ROI in first year !

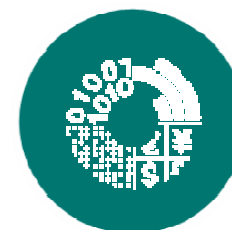
Three analytics imperatives drive a future-ready enterprise



Transform the system of engagement



Span finance and operations, risk & performance management



Infuse scenario and predictive intelligence

Guided business processes, mobile, collaboration



Financial & Operational Performance Management



Narrative Reporting & Disclosure Management



Sales Performance Management



Governance, Risk and Compliance

Predictive intelligence and scenario analytics

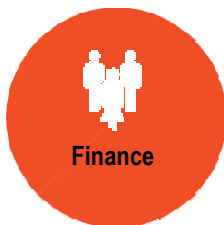
Big data platform

Transform the system of engagement

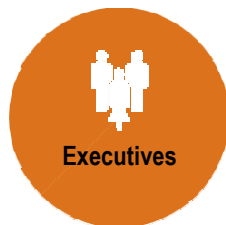


Transform the system of engagement

Engage all the right people when needed



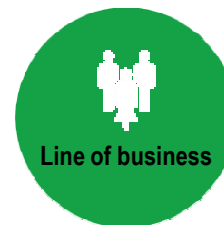
Finance



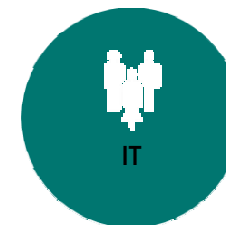
Executives



Managers



Line of business



IT



Drive collaborative performance management



Transform the system of engagement

The screenshot displays the IBM Concert interface for 'SG&A Expense Planning'. The main area shows a table of expenses categorized by account, with columns for Base Plan Y2008 Total and monthly breakdowns (Jan, Feb, Mar, Apr). The table includes categories like Compensation, Employee Expense Drivers, Operating Expenses, and Allocated Expenses. A sidebar on the right shows a 'Conversations' feed with messages from Lincoln Stevan and Paul Hendri, discussing budget updates and forecasting. Below the messages is a poll titled 'Where should we focus?' with options for 'Financial Services', 'Healthcare', and 'Manufacturing'.

ACCOUNT	Trend	Base Plan Y2008 Total	Base Plan Y2008 Jan	Base Plan Y2008 Feb	Base Plan Y2008 Mar	Base Plan Y2008 Apr
Compensation						
#Employees		9	7	7	7	8
Salary		746,475	59,558	59,558	59,558	66,808
Other Payroll		105,412	12,764	12,764	12,764	15,148
Federal Taxes		76,074	76,074	76,074	76,074	0,000
Compensation Sub-Total		1,010,951	78,396	78,396	78,396	89,365
Employee Expense Drivers						
Employee Expense Sub-Total		14,534	1,001	987	987	1,125
Operating Expenses						
Advertising		25,850	0	775	575	4,522
Public Relations		30,050	2,600	2,600	2,600	2,600
Promotional Goods		25,000	2,083	2,083	2,083	2,083
Promotional Materials		5,850	4,000	4,000	234	500
Computer Supplies		4,670	1,175	1,175	1,275	445
Consulting		35,000	12,170	12,170	3,421	1,784
Phones		5,500	542	542	542	542
Travel		5,050	500	500	500	500
Rent		25,000	2,083	2,083	2,083	2,083
Operating Expense Sub-Total		171,900	27,216	27,216	14,688	16,104
Allocated Expenses						
Allocated Finance Expense		275,443	25,000	24,890	25,072	25,025
Allocated Manufacturing Expense		91,088	5,751	8,437	6,438	7,599
Allocated Distribution Expense		356,061	32,407	32,183	32,410	32,393
Allocated IT Expense		176,888	15,090	10,090	10,090	10,091
Allocated Admin Expense		346,584	27,217	27,217	27,217	28,529
Allocated Expense Sub-Total		1,245,075	106,464	108,823	107,225	109,500
TOTAL EXPENSES		2,442,529	214,887	216,789	202,807	216,487



Span finance & operations, risk & performance management



Span finance & operations, risk & performance management

Establish **one comprehensive, analytic, planning, and scorecarding platform**

Strategy and activity-aligned organization



Marketing



Sales



Operations



HR



Finance



Assemble management and performance reports rapidly

Narrative reporting



Span finance & operations, risk & performance management



- Save hundreds of hours / year
- Reduce errors
- Accelerate understanding



Link pay-for performance plans to strategy



Span finance & operations, risk & performance management



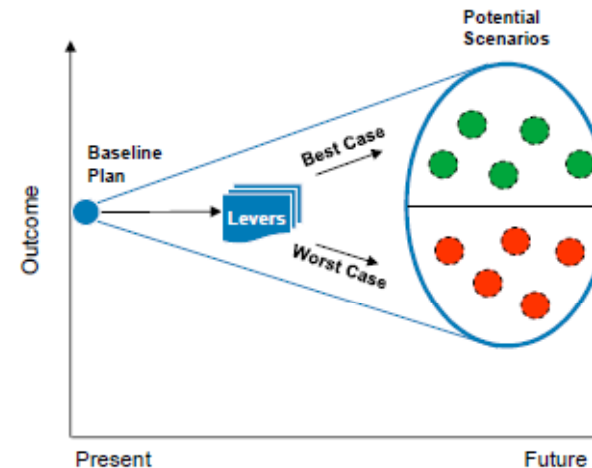
Apply scenarios and range plans to account for uncertainty and risk

- Model
 - Build scenarios reflecting range of future market conditions
- Collaborate
 - Collaborate across business units and functions
 - Capture variability of input drivers
- Report & Analyze
 - Create range of outcomes
 - Analyze sensitivity of outcomes to variability in drivers
- Plan
 - Plan for multiple outcomes

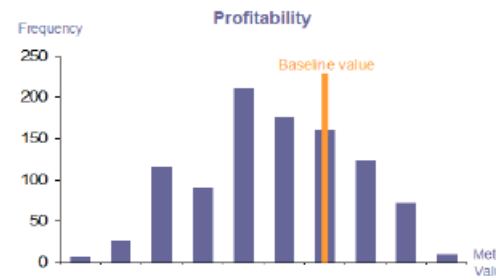


Infuse scenario and predictive intelligence

Scenario analysis



Range of Outcomes

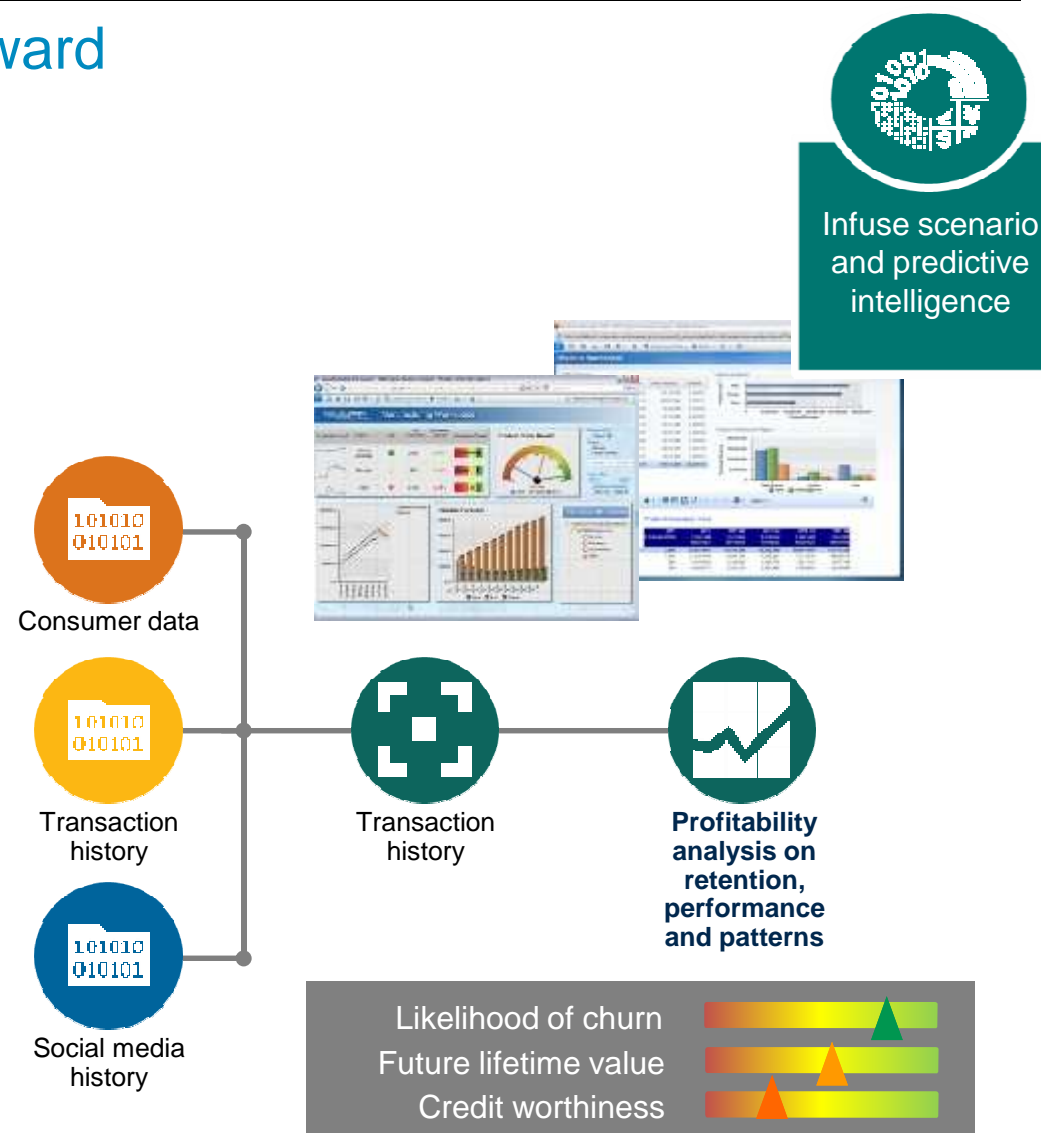


Driver Sensitivity

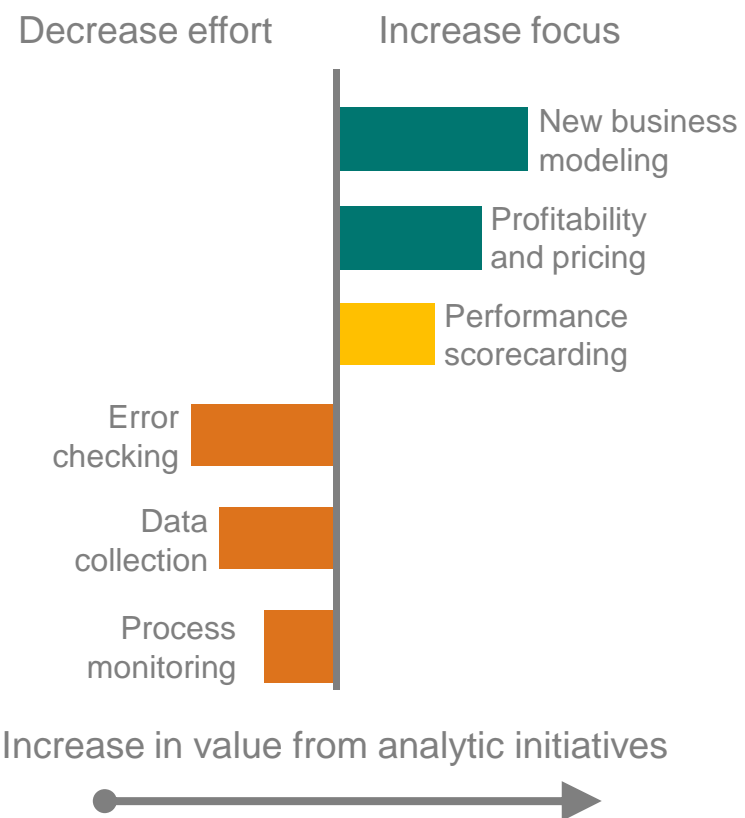
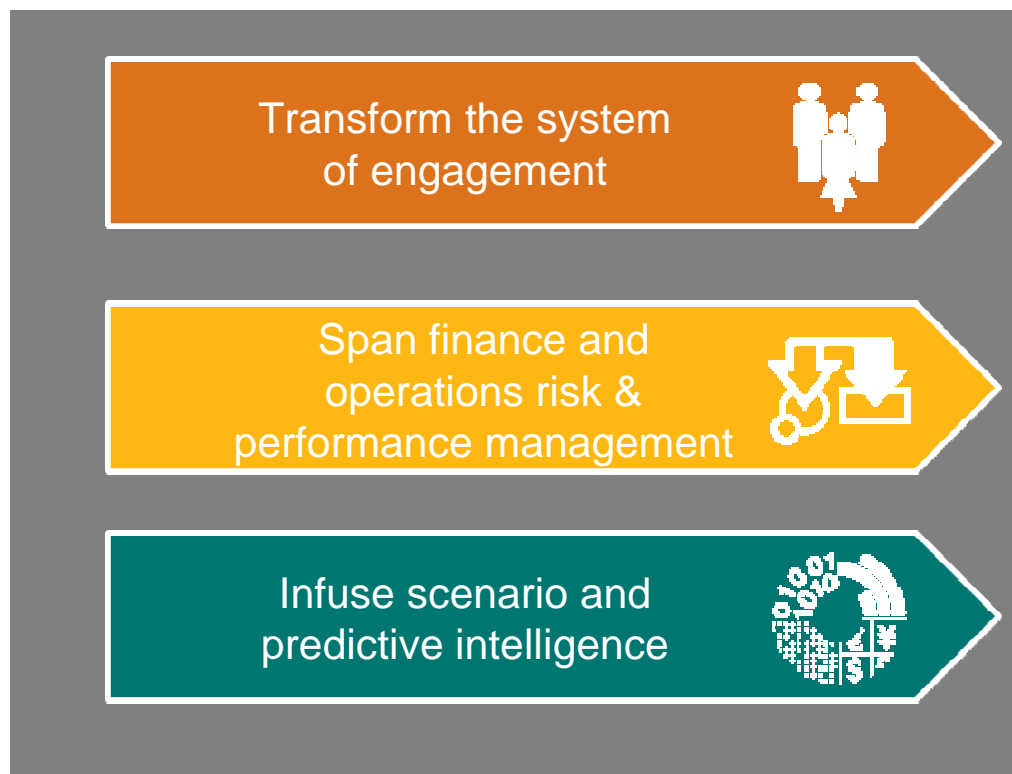


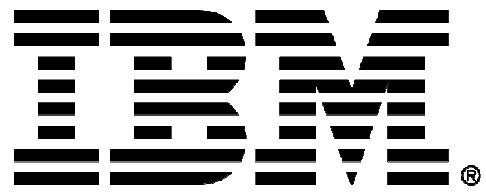
Bring profitability analytics forward

- Model multi-dimensional operational and financial business structures
- Integrate predictive models for statistical impact - examples
 - Customers most likely to buy specific products or services
 - Customer most likely to turn to a competitor
 - Employees most likely to succeed
- Incorporate predictive outputs into scenario models and plans



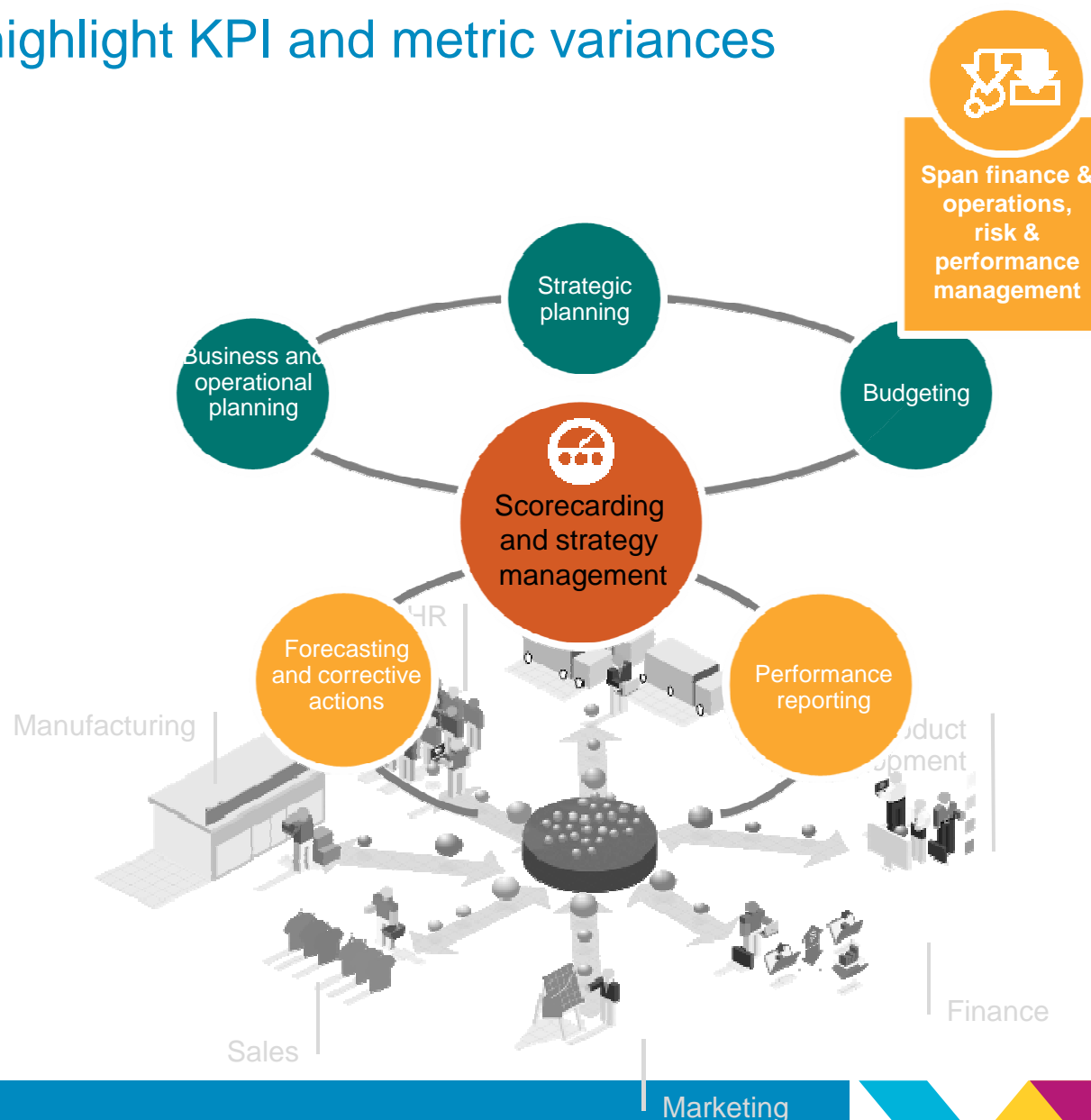
Build your agenda





Integrate scorecards, highlight KPI and metric variances

- Communicate strategy
- Visualize results, outcomes and impacts
- Tie strategic plans to forecasting data



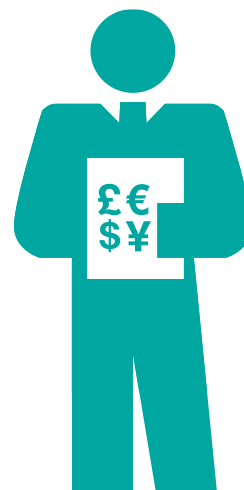
New dynamics put new pressures on CFOs

Regulatory environment

75% of security breaches are driven by financial motives (Verizon)

Uncertainty and volatility

"...growth and job creation are still too weak. New risks are arising while several old risks remain." (IMF)



Business model innovation

In the U.S., non-financial companies have a record \$1.45 trillion in cash (Forbes)



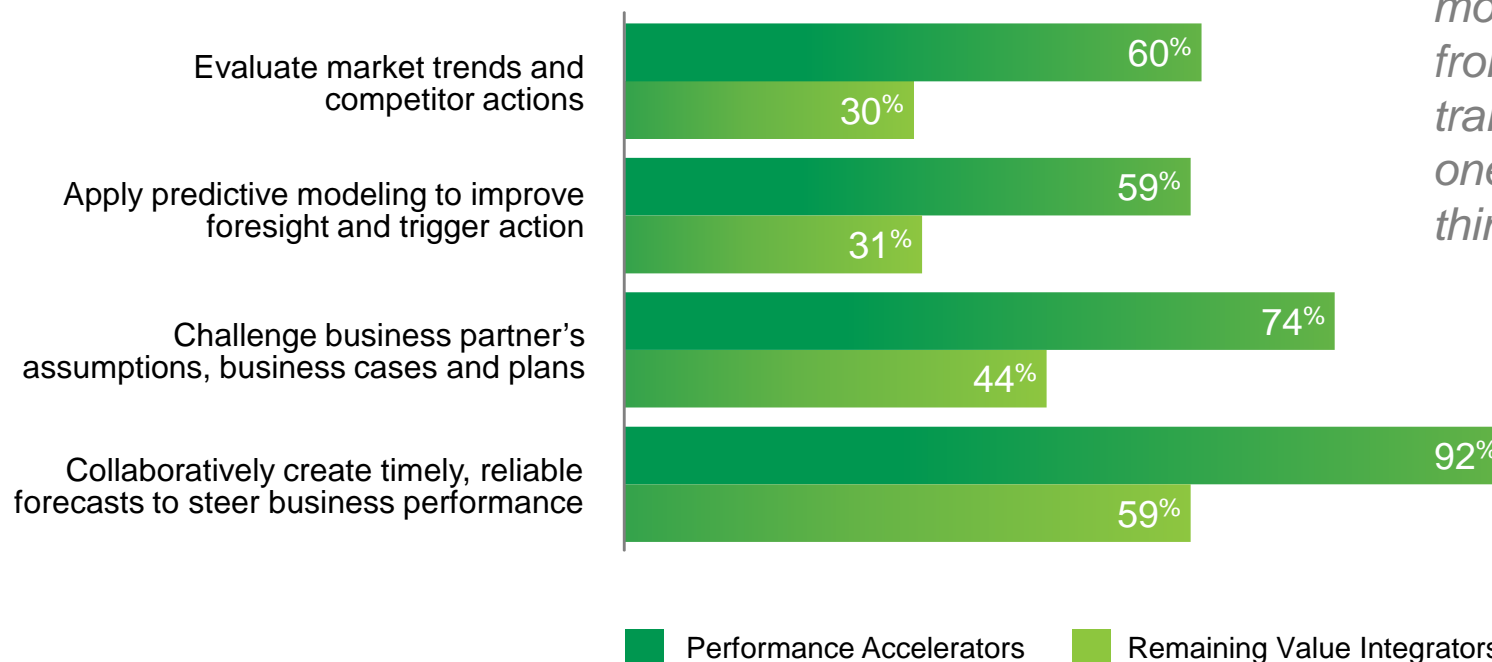
Performance Accelerator's strong focus on data analytics enables them to excel in delivering stronger business foresight

Effectiveness of Finance



My objective is to move the finance staff from a state of transaction thinking to one of analytical thinking

CFO
Insurance company, Canada



Source: "CFO insights from the Global C-Suite Study", IBM Institute for Business Value, 2014
Source: Question CFO7--How effective is your organization at performing the following?



Trademarks and notes

IBM Corporation 2014

- IBM, the IBM logo, and ibm.com are trademarks or registered trademarks of International Business Machines Corporation in the United States, other countries, or both. If these and other IBM trademarked terms are marked on their first occurrence in this information with the appropriate symbol (® or ™), these symbols indicate U.S. registered or common law trademarks owned by IBM at the time this information was published. Such trademarks may also be registered or common law trademarks in other countries. A current list of IBM trademarks is available on the Web at [“Copyright and trademark information”](http://www.ibm.com/legal/copytrade.shtml) at www.ibm.com/legal/copytrade.shtml.
- Microsoft, Windows, Windows NT, and the Windows logo are trademarks of Microsoft Corporation in the United States, other countries, or both.
- Other company, product, and service names may be trademarks or service marks of others.
- References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates.



All IBM Solutions: On-cloud or on-premises

Deployment flexibility to meet your needs today, and tomorrow



Take proven next steps



