



# FINANCE FORUM

2009

## *Driving* **Performance Management**

Christoph Papenfuss  
Business Unit Executive  
IBM Cognos Innovation Center

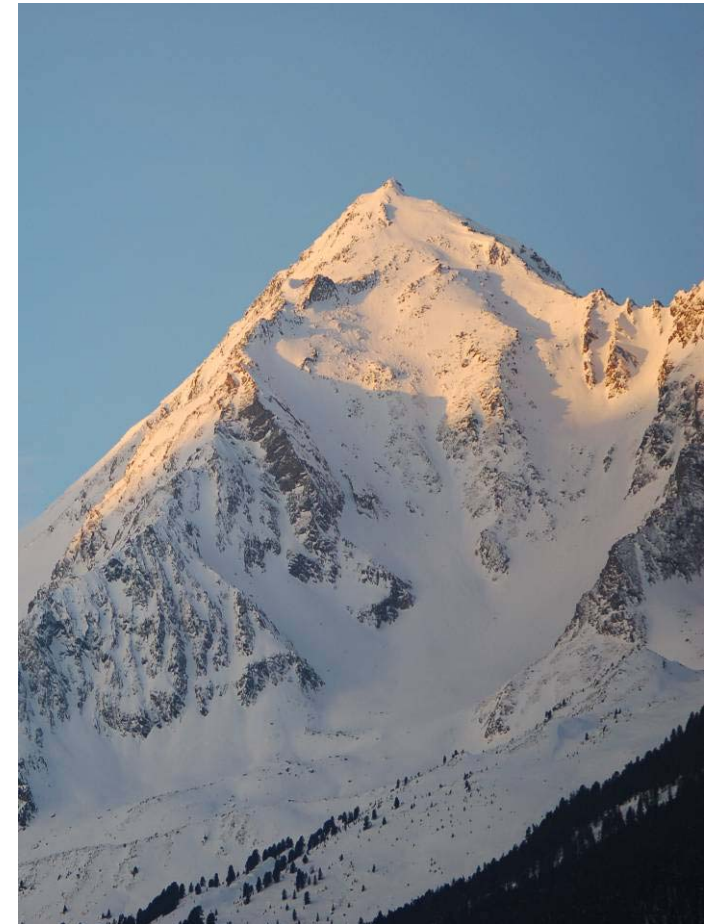


Information Management

Cognos.  
software

## *Today's Objectives*

- What is the **relationship** of Finance and Performance Management?
- Which **solutions** does IBM provide for world class organizations?
- What are some **examples** of performance management?



## *Business has changed...*

„The world is flat.“  
Thomas Friedman



# *Finance has gone through a transformation*



**Transactional**



**Analytical**

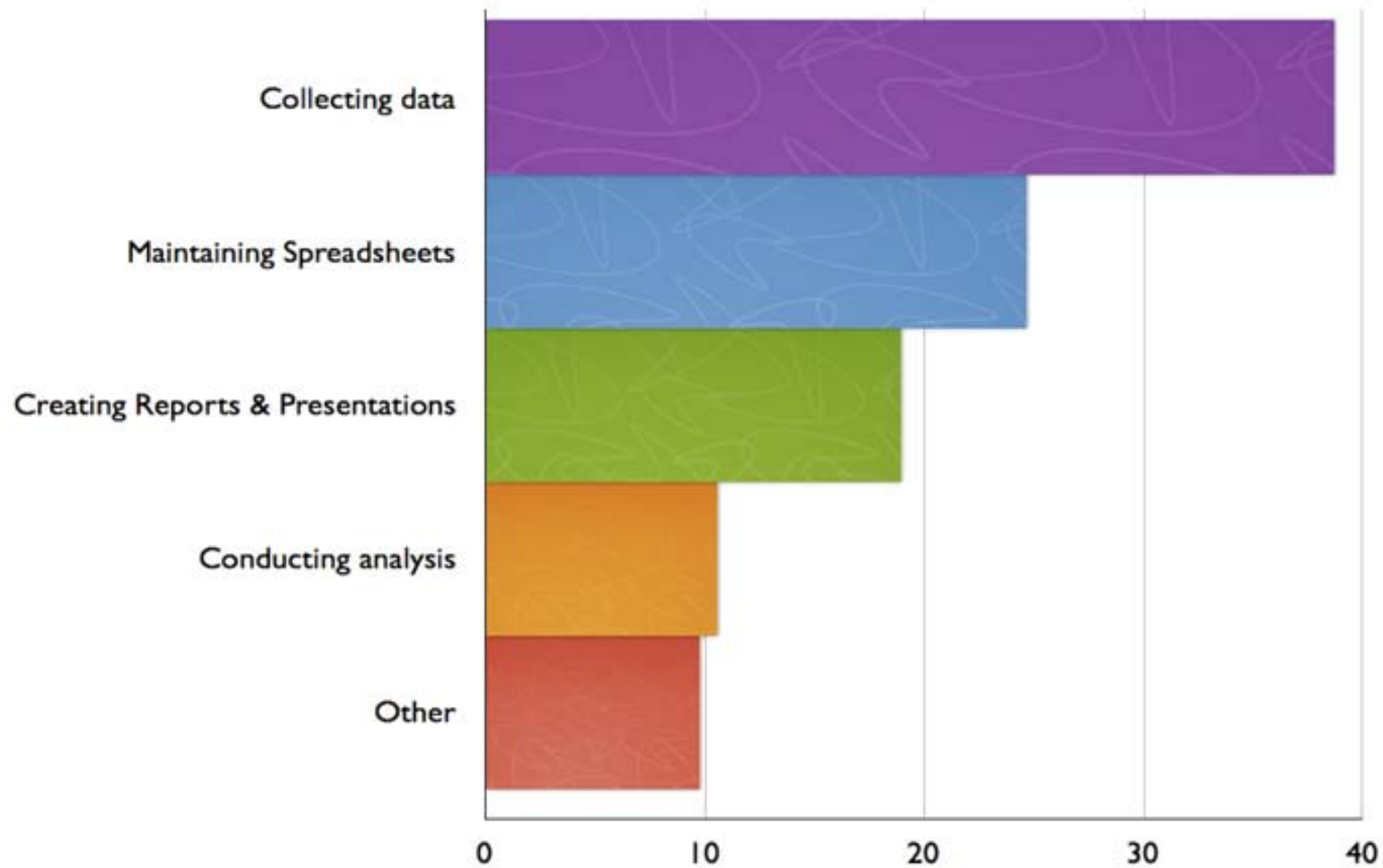


A blurred landscape with a road stretching into the distance under a blue sky with white clouds. The road is dark asphalt with a white center line, flanked by green and yellow fields. In the background, there are rolling green hills and mountains under a bright blue sky with scattered white clouds. The overall image has a motion blur effect, suggesting speed and forward movement.

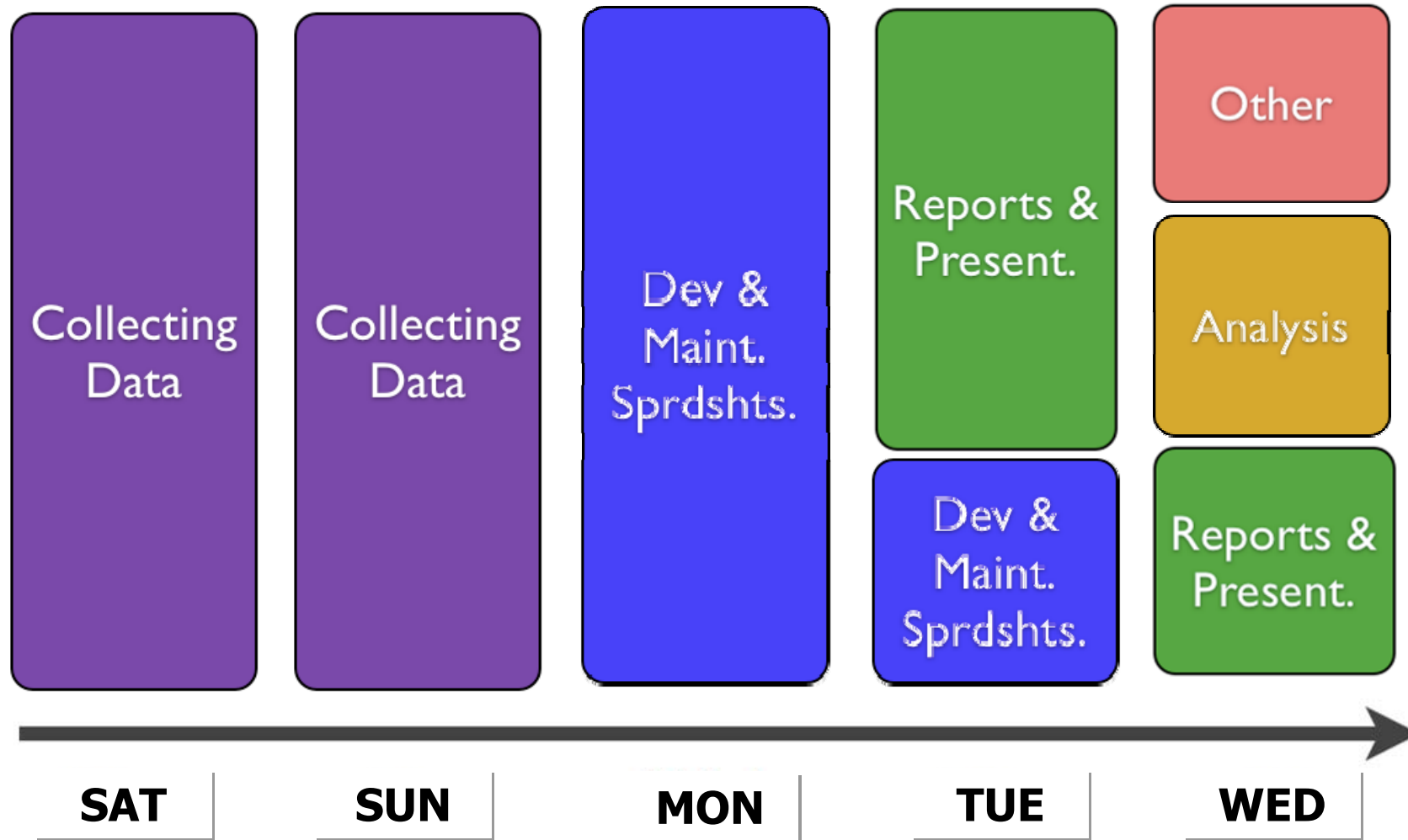
„In an era marked by historic levels of volatility, finance organizations must seize the moment to help the enterprise become stronger through increased agility.“

The Hackett Group, 2009

## *But the reality looks different*



# Same data...different perspective



**Performance Management  
is your GPS!**





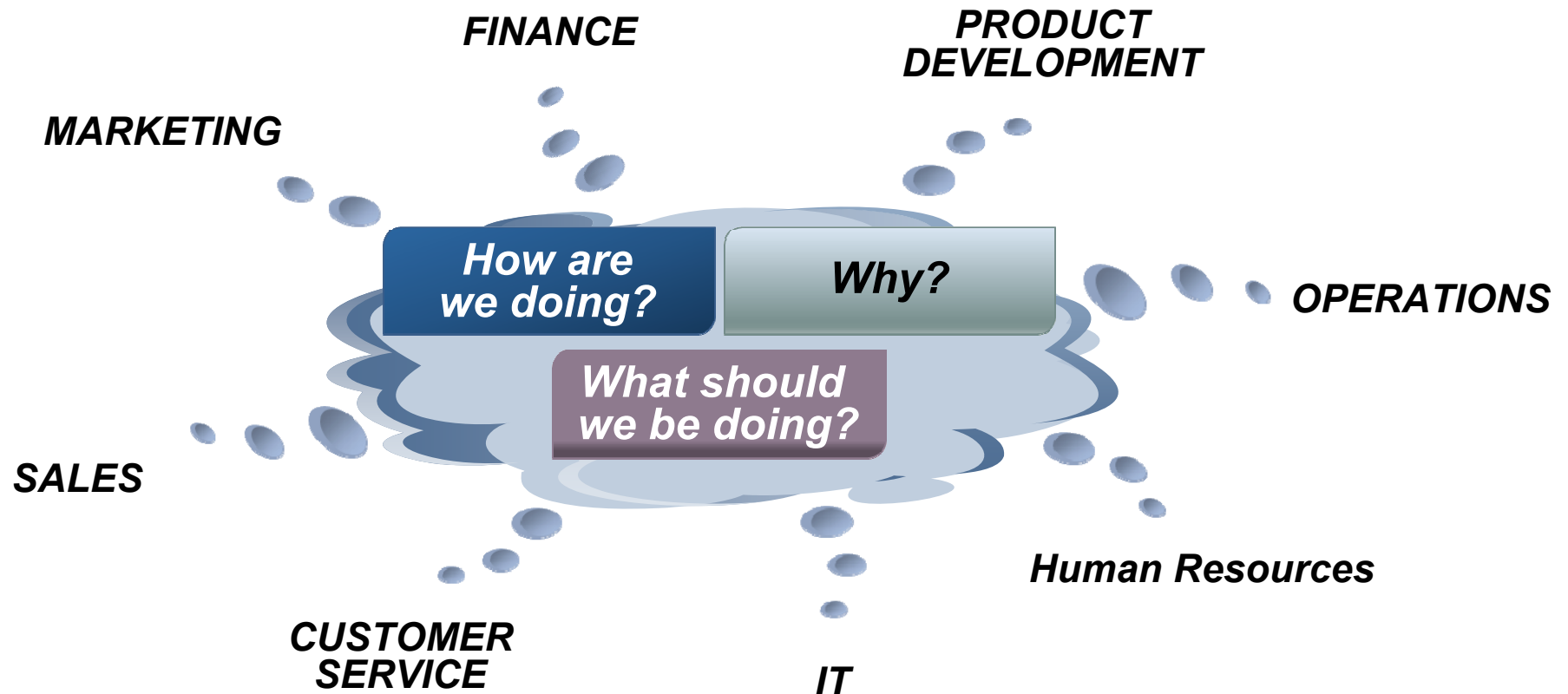
## *Three Questions that Drive Performance*

*How are  
we doing?*

*Why?*

*What should  
we be doing?*

# Three Questions that Drive Performance



“ World-class EPM organizations deliver **2.4 times** the equity market returns of industry peers companies.”

Source: Hackett Group, 2008





## IBM COGNOS 8 v4

- **Strategy Management & Scorecarding**
- **Enterprise Planning & Analytics**
- **Financial Reporting, Analytics & Profitability**
- **Consolidation and Corporate Reporting**
- **Finance Operations (GL, AR, AP)**
- **Performance Reporting**
  - **Reporting**
  - **Dashboards**
  - **Analysis**
  - **Mobile, Office, and Search**
- **Data Integration, Business Modeling, and IBM Synergy**



IBM Cognos Connection | Sales & Operations | Log Off

Public Folders | My Folders | Sales & Operations Performance | Inventory Management

No filter | No grouping

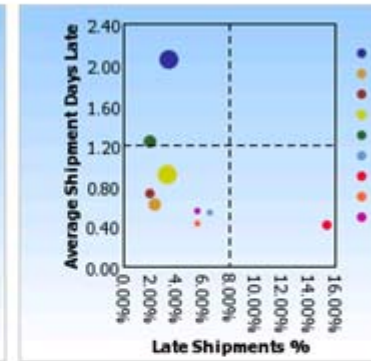
Name
On Time Customer Shipments
Forecast Accuracy - Operations
Inventory Obsolescence as a % of Total Inventory - Operations
Unplanned Maintenance Downtime - Operations
Production Compliance - Operations
Committed Delivery Performance - Operations

CAPACITY EXCEPTIONS

Scorecard or dashboard shows On Time Shipments below plan



How are we doing?



Plant	Comp. Name	Mat Req'd	Tot Mat. Ordered	Mat. Shortage Desc.
Houston, TX	Circuit Boards	22,825,208	43,074,732	
Jacksonville, FL	Computer Cases	12,783,836	40,521,303	
Master Planning	Electrical Connectors	89,655,906	199,800,000	
Malaga, FL	Textbook Wiring	25,515,919	28,553,533	
Newark, NJ	Instrument Wiring	1,065,832	888,867	Yes
San Jose, CA	LCD Monitors	0	41,544,732	

Report shows production bottleneck due to Material Shortage



How are we doing?

Why?

What should we be doing?



Cognos Planning - Contributor

Global Assumptions | Demand Volume | Base Regional Breakdown | **Plant Production** | Contractor Volume Constraints | Contractor

Master Planning | Strategic Accounts | Name Console

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07
All Plants	5,375	5,745	5,145	5,145	6,197	7,016	7,956	
Moline, IL	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	
Newark, NJ	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	
Santa Cruz, CA	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	
Houston, TX	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	
Jacksonville, FL	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	
Contractor	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>10</b>
Moline, FL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Contractor	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
All Plants	0.00%	0.00%	(20.00)%	(20.00)%	(20.00)%	(20.00)%	(20.00)%	(20.00)%
Moline, FL	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Contractor	0.00%	0.00%	20.00%	20.00%	20.00%	20.00%	20.00%	
All Plants	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Moline, IL	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	
Newark, NJ	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	
Santa Cruz, CA	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	
Houston, TX	20.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Jacksonville, FL	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	
Contractor	0.00%	0.00%	20.00%	20.00%	20.00%	20.00%	20.00%	
All Plants	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	10
Contractor								
Moline, IL	1,075	1,145	1,029	1,029	1,239	1,403	1,591	
Newark, NJ	1,075	1,145	1,029	1,029	1,239	1,403	1,591	
Santa Cruz, CA	1,075	1,145	1,029	1,029	1,239	1,403	1,591	

Demand Volume is reviewed and Plant Production Plan is adjusted to remove bottleneck





# FINANCE FORUM

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## 2009

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## *Performance Management in Action – Some examples*



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software



## *Leading companies take action*



How are we doing?

Why and where do we earn money?

What should we do?





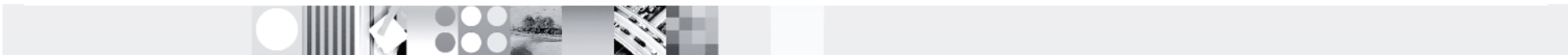
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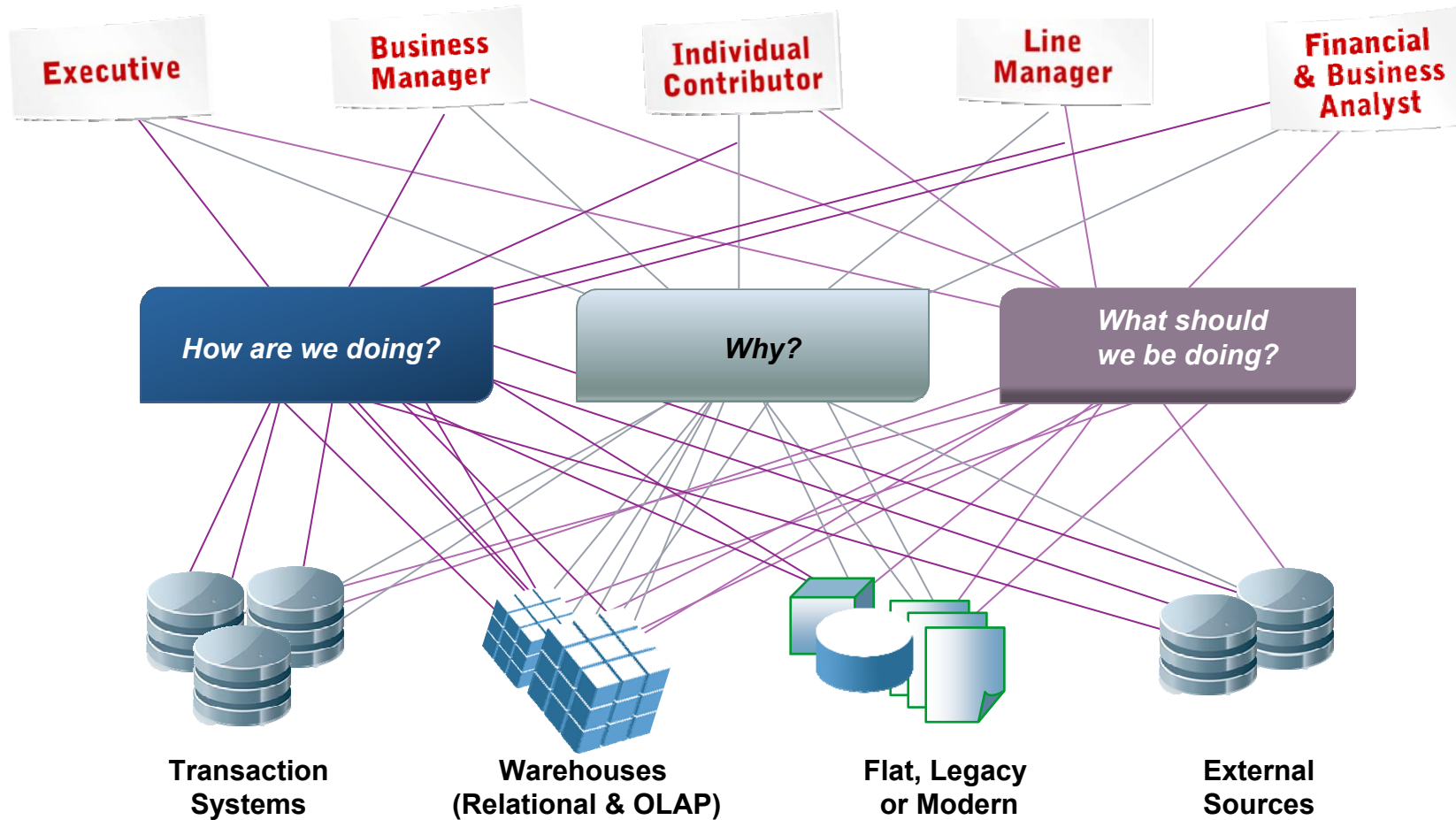


„In a performance-oriented society,  
what you measure affects what you  
do.“

Joseph Stiglitz, September 25th, 2009



# Getting to the answer can be difficult



INFOSPHERE CUBING SERVICES...

IBM DB2 Microsoft Access

COGNOS 8 POWERCUBE

COGNOS TM1



OLAP SOURCES

ORACLE OLAP

SYBASE



RELATIONAL SOURCES

TERADATA

MICROSOFT ANALYSIS SERVICES

SAP BW

Microsoft SQL Server

IBM INFORMIX

TERADATA AJIS

ESSBASE

# Open & Heterogenous

Oracle

Netezza

COGNOS NOW!...



APPLICATION SOURCES

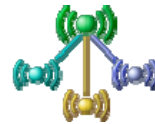
SAP R/3

JDBC

ODBC

ORACLE

SSA



MESSAGE SOURCES

TIBCO EMS...

XML

MODERN & LEGACY SOURCES



PEOPLESOFT

SIEBEL

COGNOS 8 PLANNING

BEA WEBLOGIC

IBM WBI SERVER FOUNDATION

WSDL...

SALESFORCE

IBM WEBSPHERE MQ

## Great Outdoors Company Sales Dashboard

### Prod Line Margin

Product Line	Gross Profit	Profit Margin
Lifestyle Products	\$11,285,569.44	50.88%
Home Office	\$11,236,904.84	19.11%
Consumer Electronics	\$18,884,105.85	17.60%
Home Theatre	\$47,336,064.25	15.30%
Entertainment Media	\$3,076,268.21	5.80%

### Top 5 Customers (Revenue)

Customer Name	Customer Revenue
Precision Products	\$112,100,315.64
Telco House	\$87,526,498.70
Avantage.com	\$72,349,901.11
Communication Media	\$46,443,833.54
Eniatsum Inc	\$45,086,223.80

### Top 5 SalesReps (Revenue)

Turpin, Yves	\$76,913,077.50
Moureux, Sally	\$43,882,840.24
Saint-Germain, Guido	\$35,197,602.20
Meng, Corey	\$28,367,660.20

### GO Sales Territory Margin

Revenue: \$581,078,919.06  
Margin: 110.05%

Americas

Revenue: \$183,951,523.67  
Margin: 95.64%

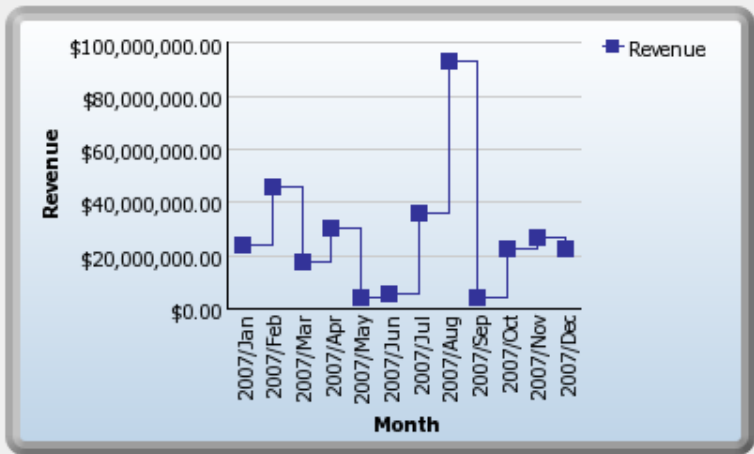
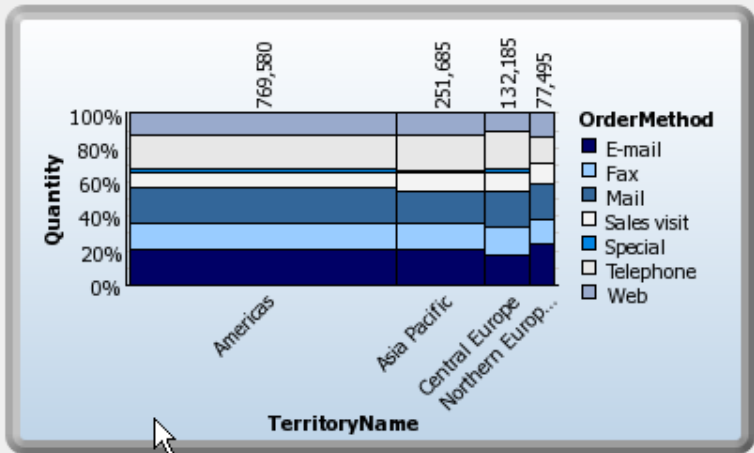
Asia Pacific

Revenue: \$85,953,817.93  
Margin: 112.19%

Central Europe

Revenue: \$64,372,587.68  
Margin: 98.85%

Northern Europe



# *Better and easy access to information*





How are we doing?

Why and where do we earn money?

What should we do?

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## The Wallet

The Wallet covers the latest personal finance and investing news and trends

« Going Back  
Raising th

FEBRUARY 23, 2009, 10:28 AM ET

# American Express Paying Customers \$300 To Leave

Article

Comments (59)

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Printer Friendly

Permalink

Share: Yahoo! Buzz

Text Size

By Mary Pilon



A few years ago, credit card companies were throwing money at people to get them to sign up. Now, as they struggle to contend with a wave of defaults, they may pay you to leave.

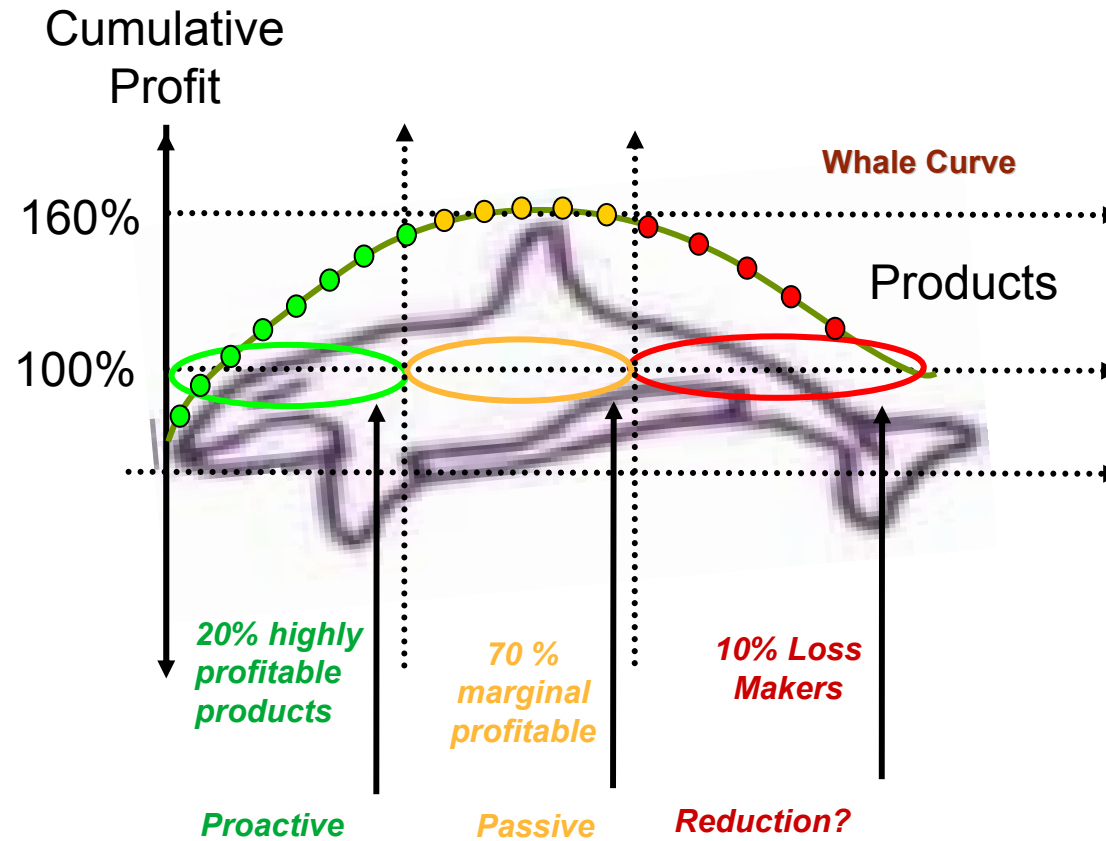
At least that's the case with American Express, which is offering some card members \$300 to pay off their remaining balance and close their accounts.

L  
LO

# *Where do you earn money?*



# Examine your product mix



Our inventory?  
Or is this **data** about our  
**customers & products?**



Margin Analysis



Total Stores

FreshFcstVersions FreshProducts

Feb 08 Fcst

Fresh Measures 1	Consumer Electronics	Entertainment Media	Home Office	Home Theatre	Lifestyle Products
Qty	88,920	690,401	228,111	68,633	450,158
Cost of Goods Sold	255,236	2,175,284	467,628	264,791	511,210
Revenue	834,765	7,006,236	1,822,607	943,558	2,000,407
Gross Margin	579,529	4,830,952	1,354,979	678,767	1,489,197
Gross Margin %	69.4%	69.0%	74.3%	71.9%	74.4%

Inventory Analysis



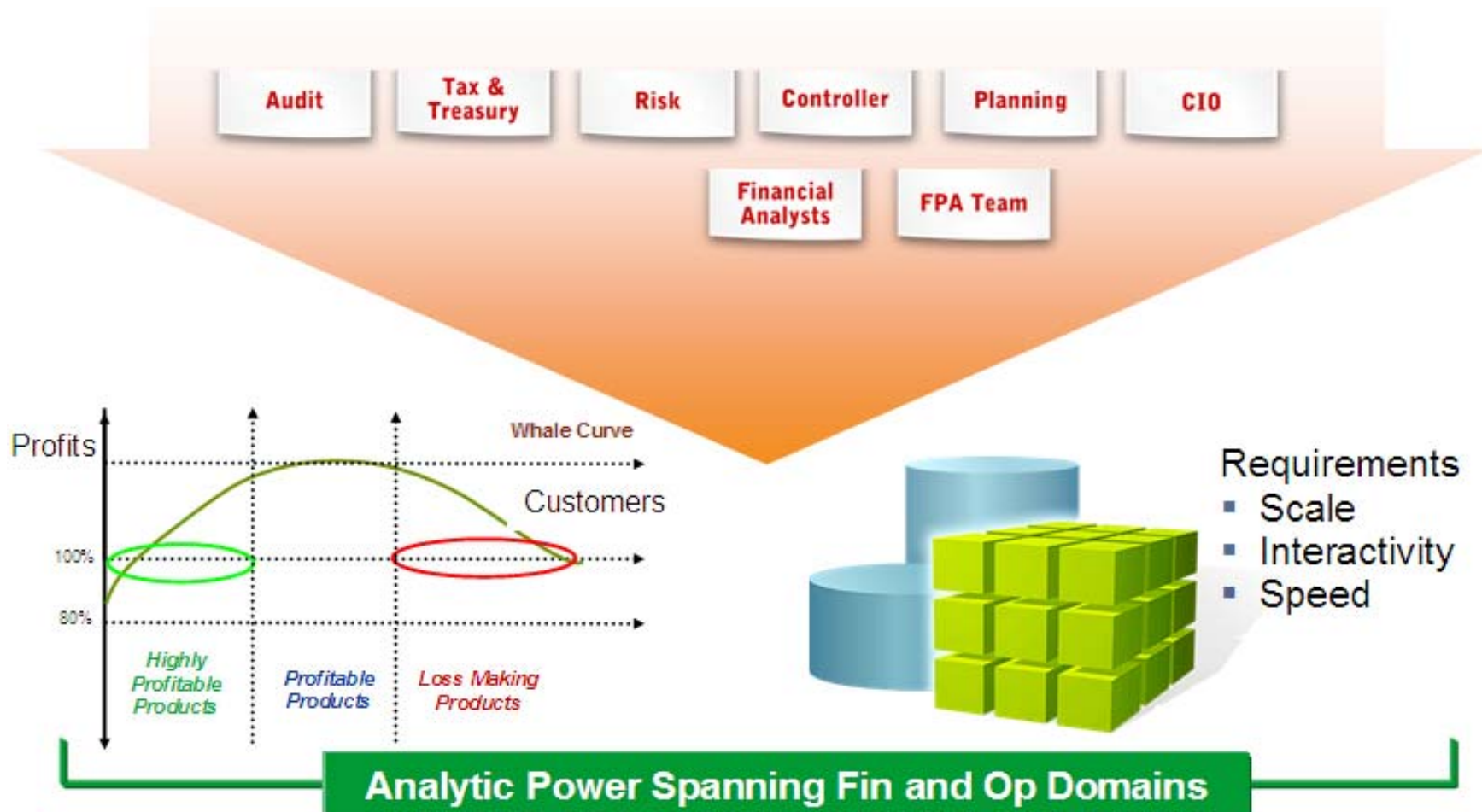
Brand Contribution Chart



Gross Margin Chart



# Deeper Insight Unlocks New Value

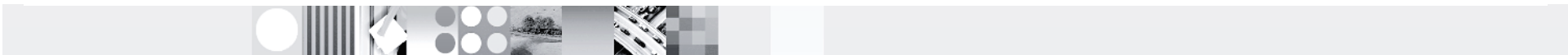




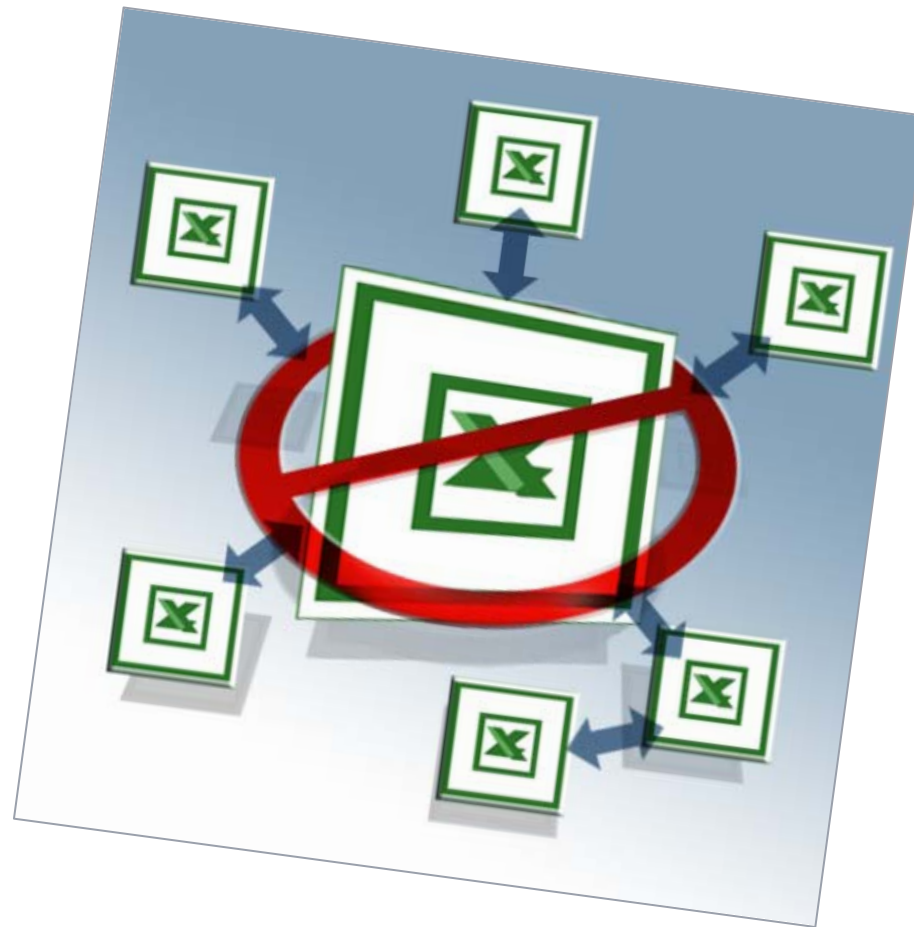
How are we doing?

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What should we do?



# *Planning & Forecasting: Our favorite activity?*





# Is this the platform of a successful organization?

„90% of the spreadsheets analyzed contained significant errors.“

PriceWaterhouseCoopers

	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0	0.0



## *Leading companies automate their processes*



- Better insight
- Timely decisions
- Fewer resources

Rows: Account [Account] Columns: DemoVersions [Version] Context: Local [Currency Calc] Year [Month] Massachusetts [Organization] 2009 [Year]

	Version 2	Version 1	Variance	Var %	Explanation
4999 Gross Revenue	106,057,623	106,057,623	0	.0%	
5999 Cost of Sales	69,179,177	69,179,177	0	.0%	
<b>Gross Margin</b>	36,878,446	36,878,446	0	.0%	
+ 6099 PAYROLL	514,258	514,258	0	.0%	
+ 6199 OFFICE EXPENSE	251,700	251,700	0	.0%	
+ 6299 TRAVEL	536,298	536,298	0	.0%	
+ 6399 OCCUPANCY	420,000	420,000	0	.0%	
+ 6499 MARKETING	9,750	9,750	0	.0%	
+ 6599 DEPRECIATION	136,429	136,429	0	.0%	
<b>Total Operating Expense</b>	1,868,435	1,868,435	0	.0%	
<b>Net Profit</b>	35,010,011	35,010,011	0	.0%	
Headcount	6	6	0	.0%	

# Plan & Forecast for Success





How are we doing?

Why and where do we earn money?

What should we do?



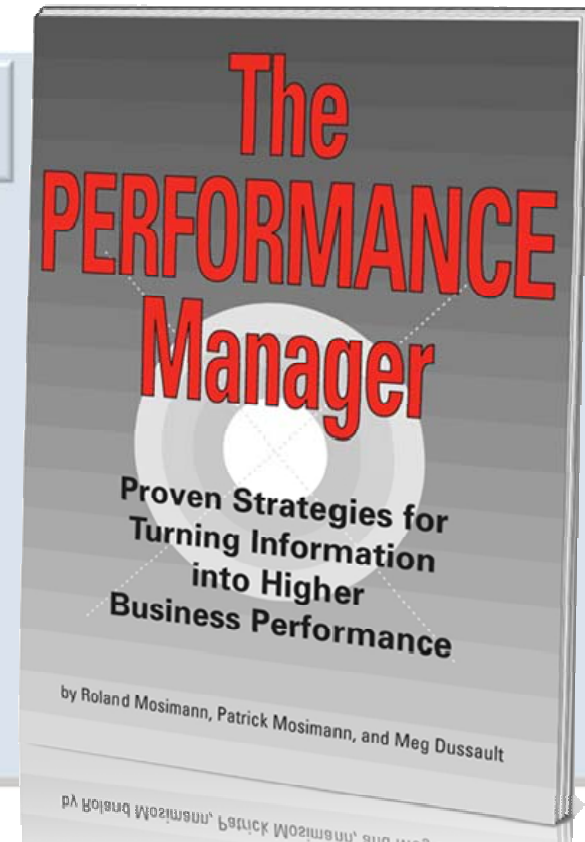
# *IBM Cognos 8 helps you make better decisions*



## Wrap Up and Next Steps

### GET STARTED

- Start making **better decisions** today
- Take Advantage of the **Breakout Sessions**
- Meet with our **experts**



IBM Cognos  
**Innovation Center**  
for Performance Management



„Today no organization can afford the luxury of failing to leverage acknowledged **best practices.**“  
David Axson

