

# IBM Cognos Finance Forum 2010

Anticipate and Shape Business Outcomes

## *Driving a Smarter Enterprise*





## ***Uncertainty – The New Normal Velocity and Volatility***



***“Over 60% of Finance executives believe that when the recovery takes hold, the heightened uncertainty in the business will remain”***

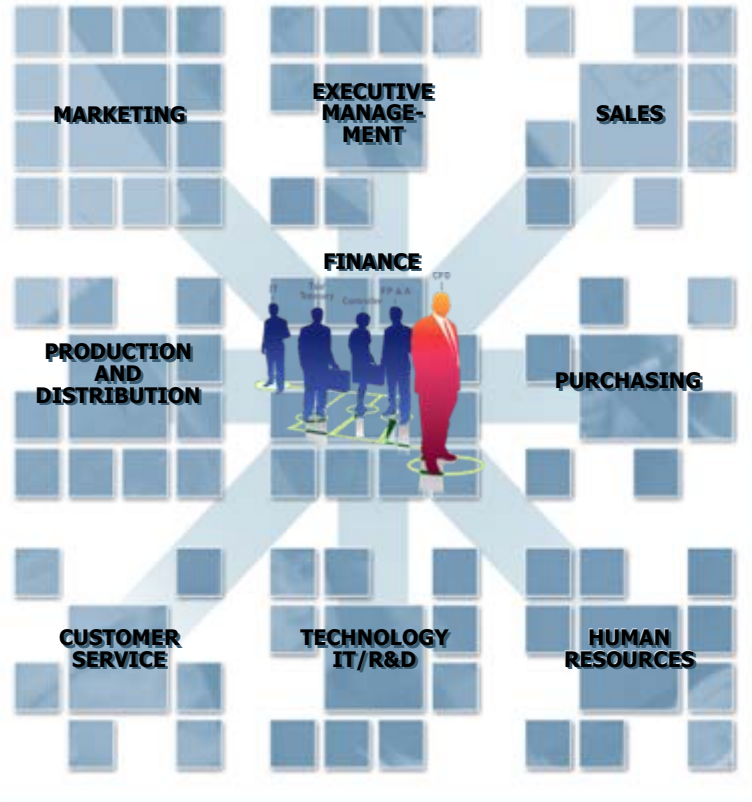
**CFO Magazine/Duke University Business Outlook, September 2009**

***“~60% of Finance organizations believe that they have to make major changes to respond [to growing industry/sector pressures]...”***

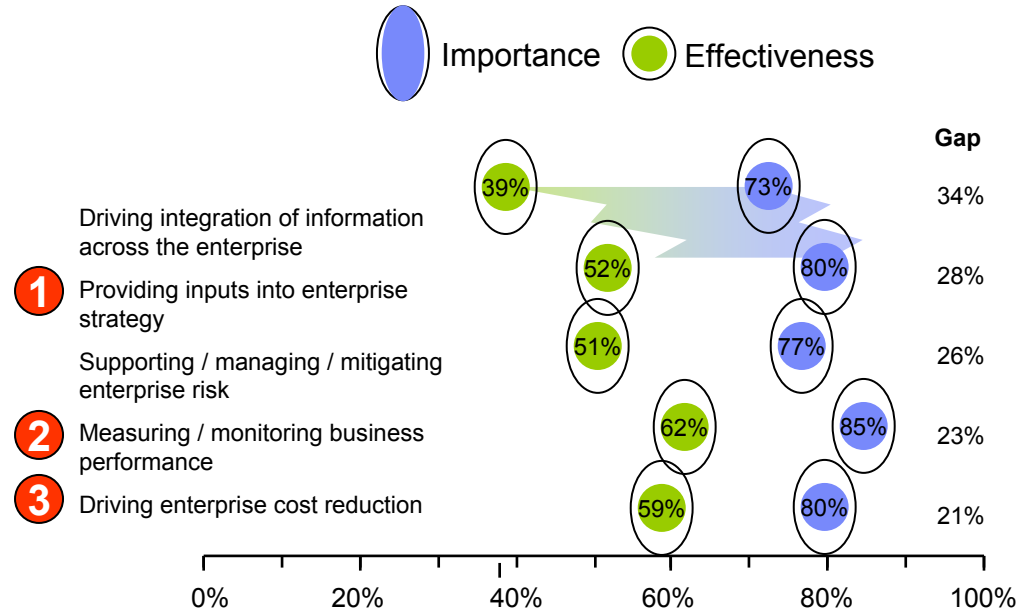
**2010 IBM CFO Study**



## Driving a Smarter Enterprise



- 70% of CFOs believe they have an advisory or decision making role on an Enterprise Agenda
- Finance needs to improve its effectiveness in order to deliver on the Enterprise Agenda



Source: 2010 IBM Global CFO study



# IBM Cognos Finance Forum 2010

Anticipate and Shape Business Outcomes



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Source: Nucleus Research 2008, 2009



## Performance Pain

- Need for more dynamic, reliable collaborative planning, analysis and reporting system
- Too much time spent validating data, rather than providing value-added analysis to support the business.

## IBM Cognos software Impact

- More timely, reliable decision information
- More time spent analyzing key business metrics
- Improved data ownership

- **Systematic access to strategy, procurement, engineering, and financial planning data**
- **Web-based data capture and reporting**
- **Centralized data store, consolidation of information and assumptions**

***“We believe in the integrity of the data. The data is more trusted.”***

***Robert Loreto,  
Senior Director of IT, Qualcomm***



## Performance Pain

- Need for greater accountability, deeper in the organization
- Need to centralize expense planning
- Need for more consistent views of data

## IBM Cognos software Impact

- Provide centrally managed data to analyst communities so they can focus on providing the value-added analysis to drive business;
- Reduce its application footprint;
- Reduce the IT delivery expense associated with supporting the finance function;
- Focus on end-user productivity by streamlining data delivery, providing the right metrics to individuals based on their roles.

- Improved ability to identify drivers of top-line revenue growth, analyze expense constraints, identify risk and address SOX compliance issues.
- Centralized planning reduced the footprint for financial planning by retiring 20 disparate applications
- Able to preserve analytics and reporting flexibility while driving more standardization.

***“Finance can focus on providing value-add analytics to drive the business.”***

***Marc Berson,  
Director Business Analytics,  
IBM Corporation***



## *Three Questions for Business Insight*

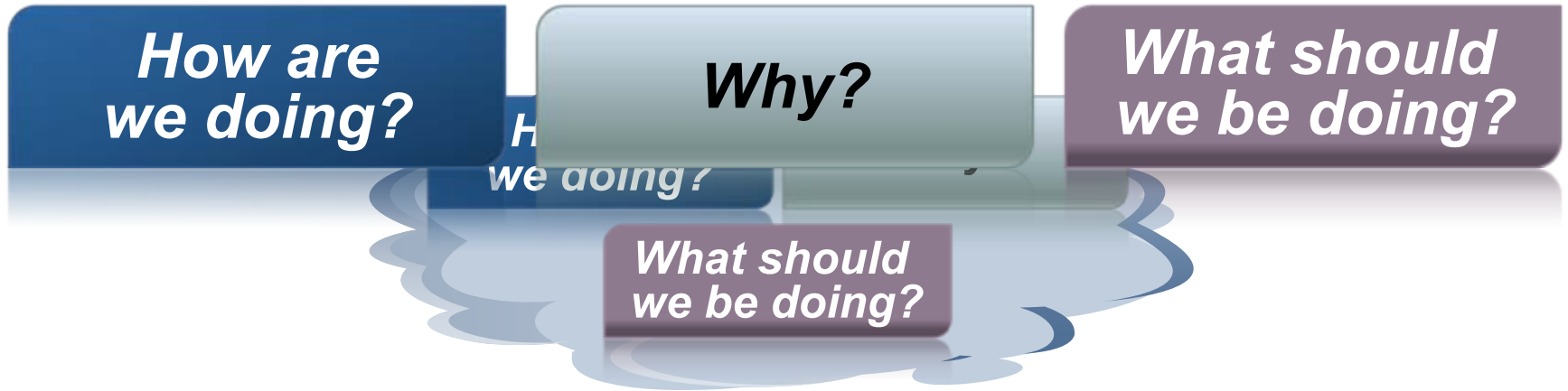
*How are  
we doing?*

*Why?*

*What should  
we be doing?*



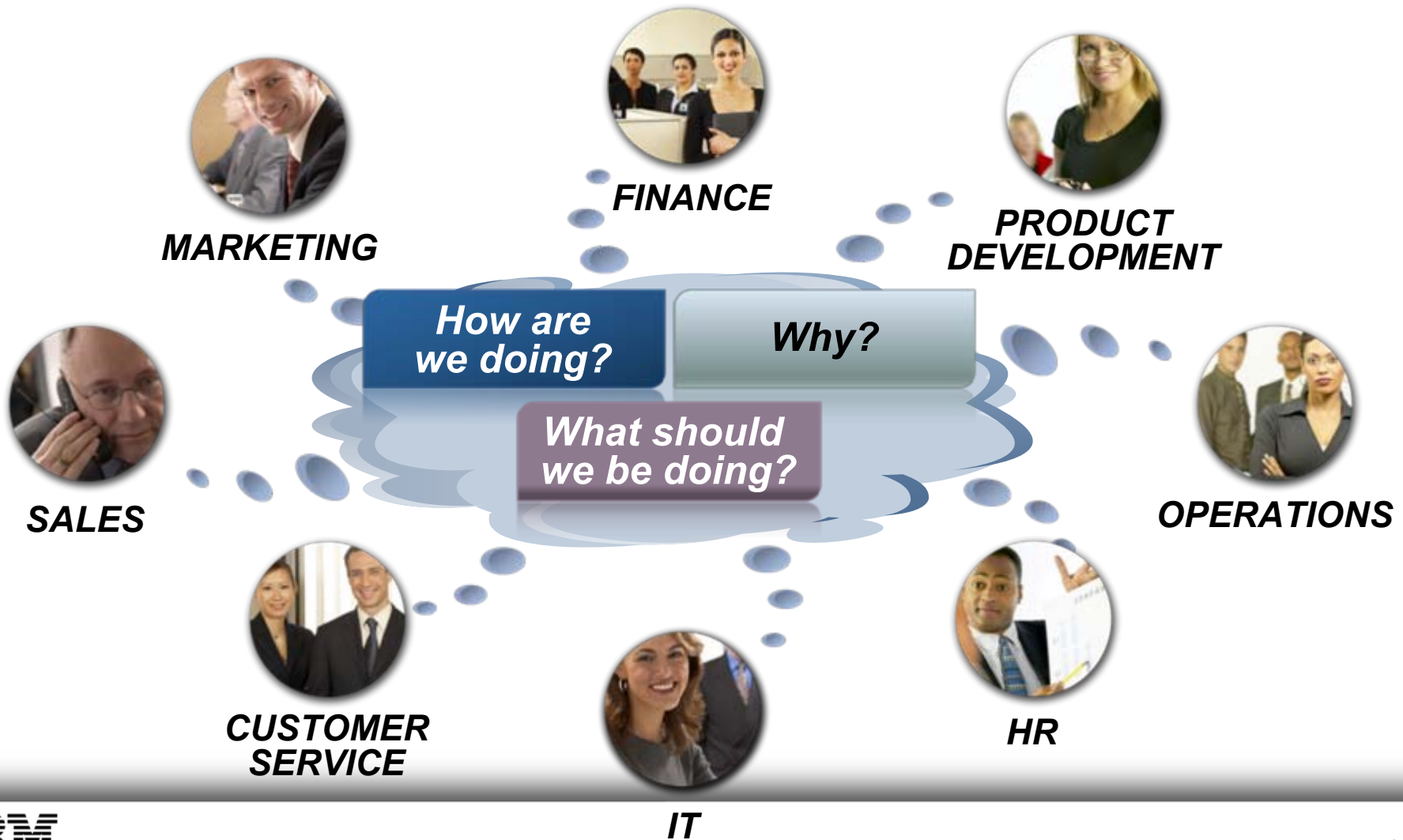
## *Three Questions for Business Insight*





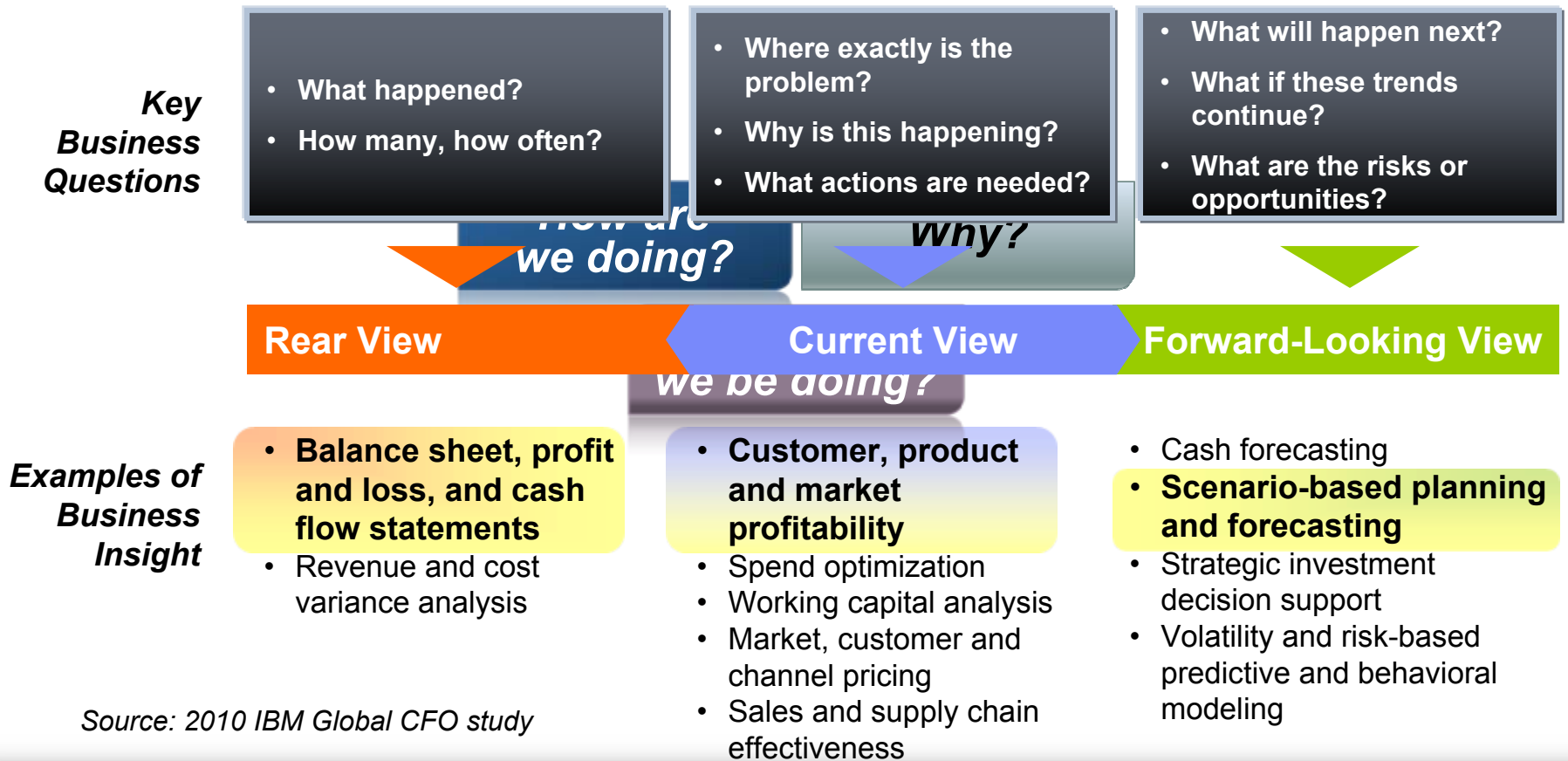


## Three Questions for Business Insight





## Three Questions for Business Insight



Source: 2010 IBM Global CFO study




## Business Insight: Scenario-based Planning & Forecasting

Rear View

Current View

Forward-Looking View




“For multinational companies, regulatory and political changes can happen arbitrarily at any time, significantly impacting the execution of strategy. As a result, planning must be much more scenario-based with the ability to rapidly adapt.”

Markus Kistler  
CFO - North Asia and China, ABB

Source: 2010 IBM  
Global CFO study



Place  
Your  
Bets



What  
if?



Deep  
Recession



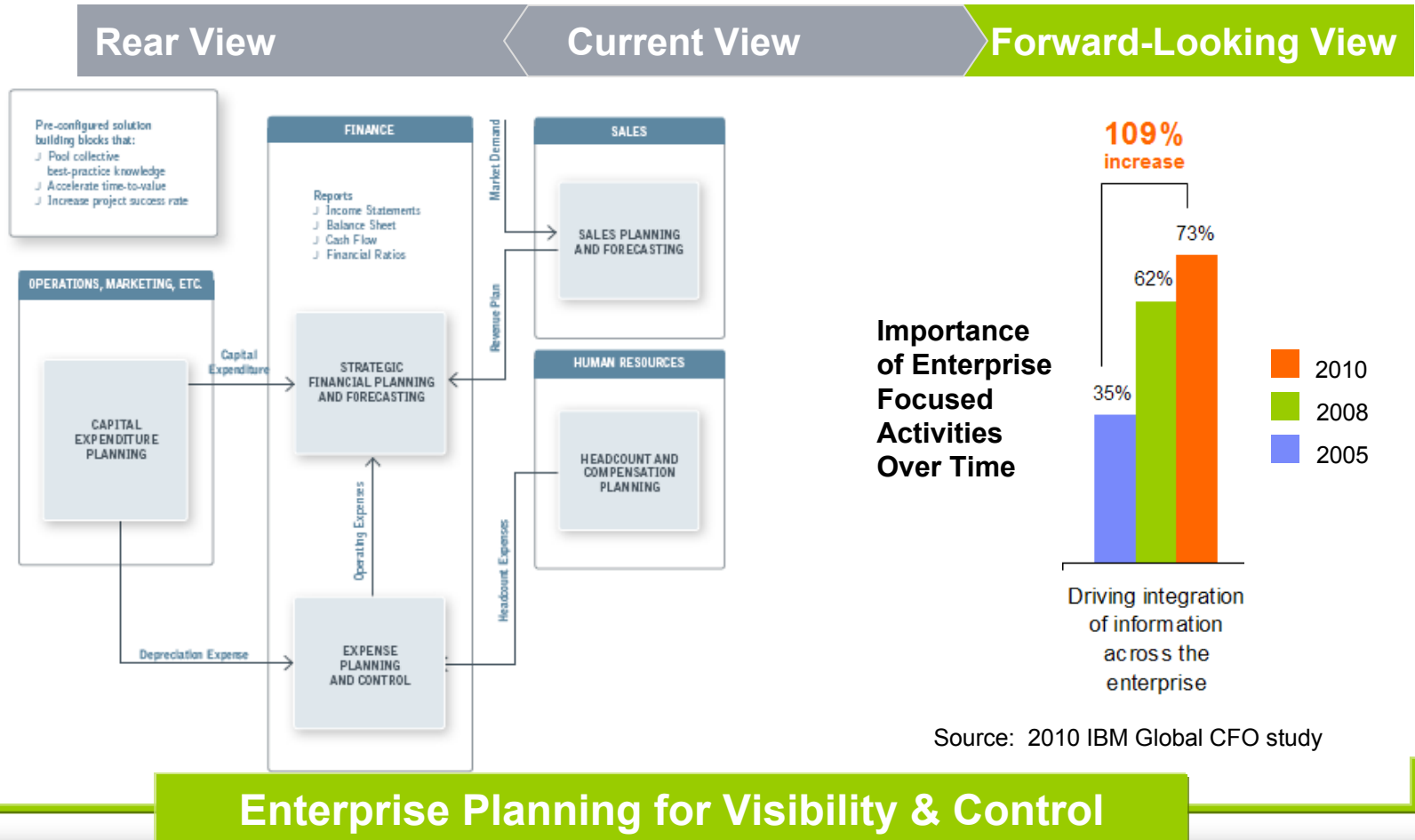
Zero  
Growth



Modest  
Recovery

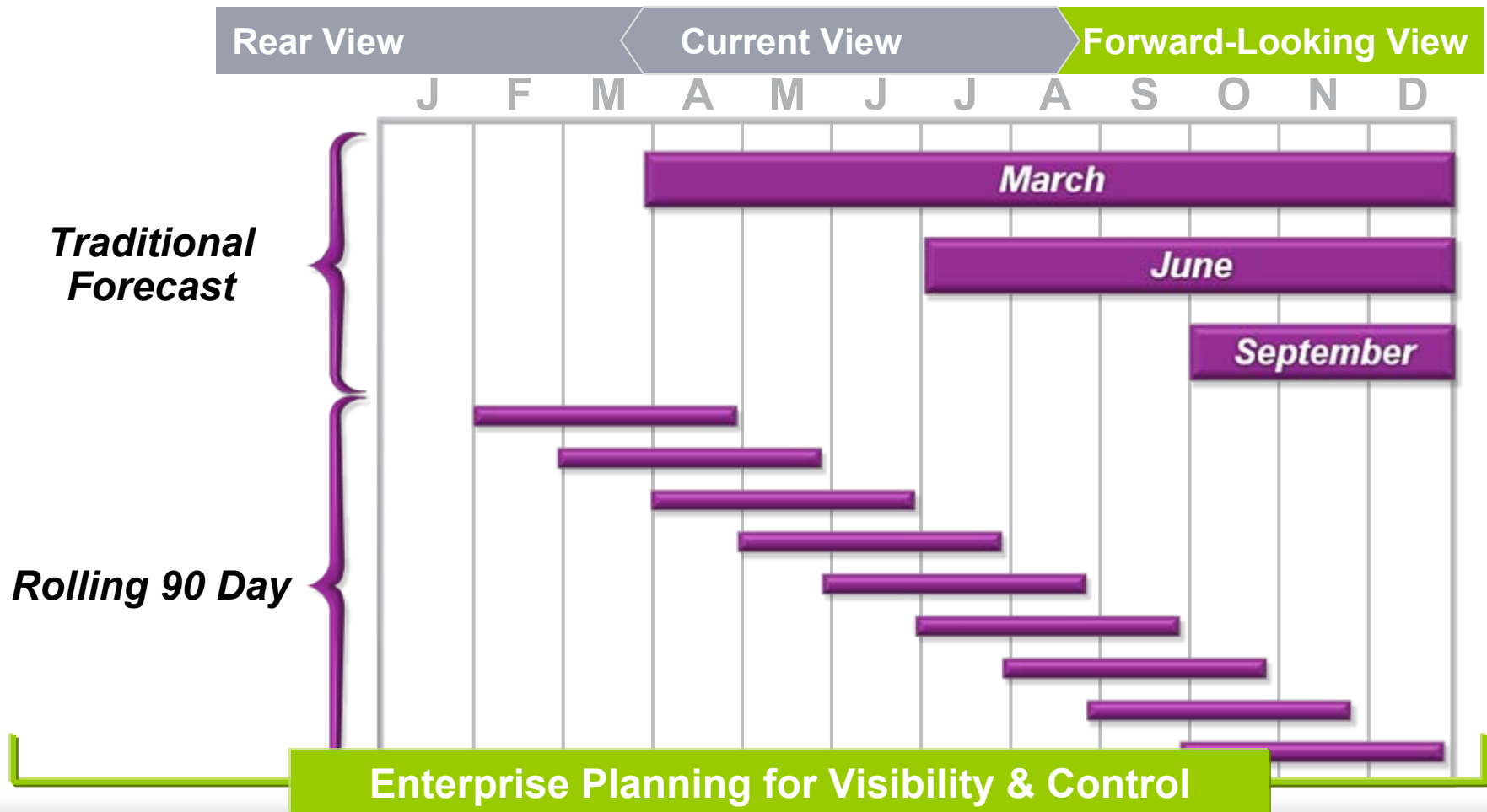


## Driver-based Plans Connect Operational Causes with Financial Outcomes





## Forecast More Frequently But With a Shorter Time Horizon







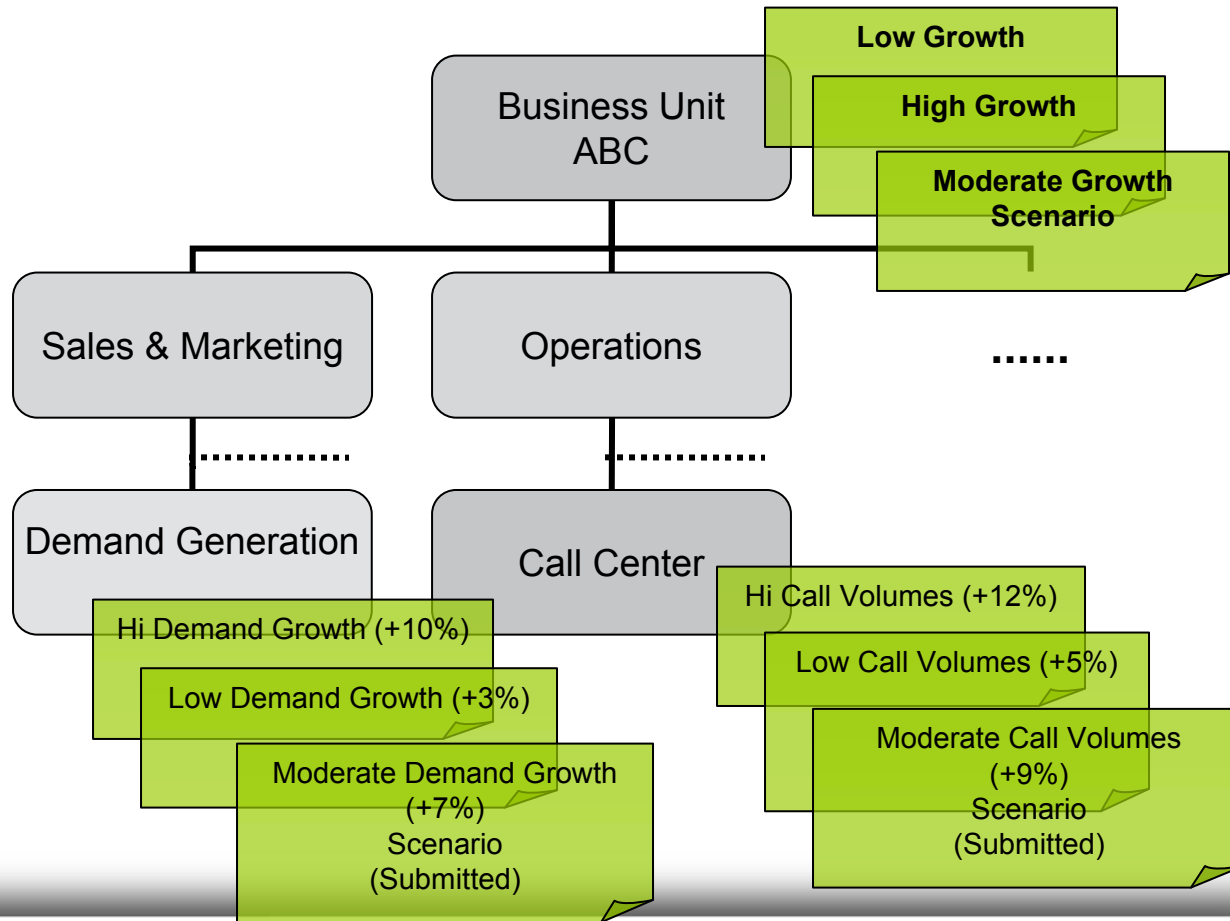
## Co-ordinate Global & Local Scenarios

Rear View

Current View

Forward-Looking View

- Globally coordinate plan submissions based on common business drivers and assumptions
  - provide easy scenario modeling
  - and variance explanation (volume, price)
- Capture multiple plans that reflect alternative states of the world
- Encourage local scenarios to drive anticipation and ensure timely, error-free response when conditions change





# DEMO

## *Scenario-based Planning & Forecasting*



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## ***Business Insight: Customer, Product and Market Profitability***

Rear View

Current View

Forward-Looking View

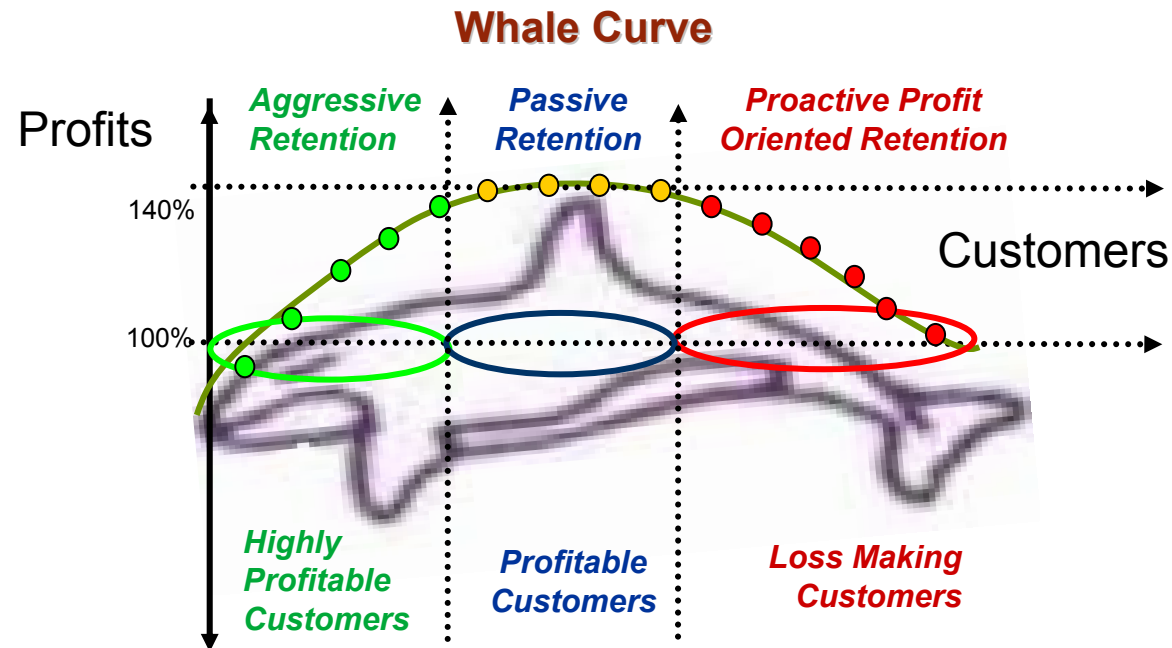
“For most companies, a drastic reduction in products would lead to a dramatic increase in profit!”

Peter Nieuwenhuizen





## Evaluate Profitability



- Model**  
*Quantify the business*
- Scale**  
*Summary & detail*
- Interactivity**  
*Analyze and adjust*
- Scope**  
*Products, customers*

Analytic Power Spanning Financial and Operational Domains



## Incorporate Profitability into Critical Business Processes

Rear View

Current View

Forward-Looking View



Packaged Food  
Manufacturer  
and Distributor

“We used to have to run endless database queries for people who wanted lower level figures, but they can now drill down themselves. The trading department uses it to drive the finished goods supply chain. **Customer profitability is now ingrained into the business** and we continually review the channels that we use.”





# DEMO

## *Profitability Blueprint*



**IBM**



## Business Insight: Balance Sheet, Profit and Loss, and Cash Flow Statements

Rear View

Current View

Forward-Looking View

“Our job is to focus the enterprise on making timely, risk-based decisions by providing access to the right business-relevant information and insight-driven analytics.”

Mark Buthman, CFO, Kimberly-Clark Corporation

Source: 2010 IBM Global CFO study

CASH FLOW			
	Actual	Plan	Forecast
Net Income	3.6	4.0	3.8
Cash Flow from Operations			
Depreciat			
Changes in			
Total			
Cash Flow from			
Capital Ex			
Investment			
Total			
Cash Flow from			
Change in			

BALANCE SHEET			
	Actual	Plan	Forecast
Assets			
Cash	9.0	9.9	9.4
Receivables	5.4	5.9	5.6
Inventory	0.7	0.7	0.7
PP & E			
Total Assets			
Liabilities			
Payables			
Other Liabilities			
Total Liabilities			
Net Worth			
Total Liabilities & Stockholder			

P&L			
	Actual	Plan	Forecast
Revenue	55.9	61.5	58.4
Cost of Sales	45.9	50.5	48.0
Gross Margin	10.0	11.0	10.5
Expense	3.6	6.1	5.8
Profit	3.6	4.0	3.8
EPS	1.2	1.3	1.3



## Business Insight Demands Better Performance Reporting

Rear View

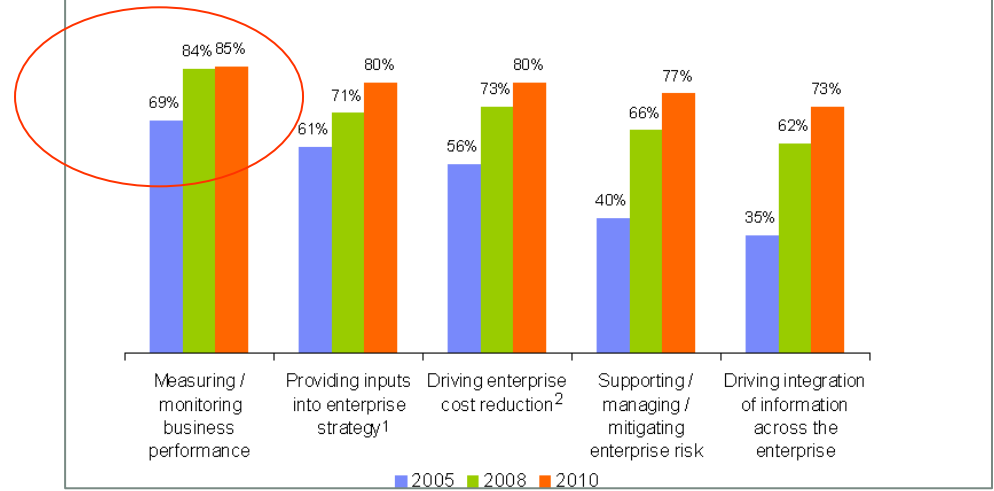
Current View

Forward-Looking View



Measuring and Monitoring business performance has been a top concern for CFOs for the last five years (2005-2010)

Importance of Enterprise Focused Activities Over Time



Source: 2010 IBM Global CFO study

Connecting information to drive performance



## Deliver Value by Engaging Users Effectively

Rear View

Current View

Forward-Looking View

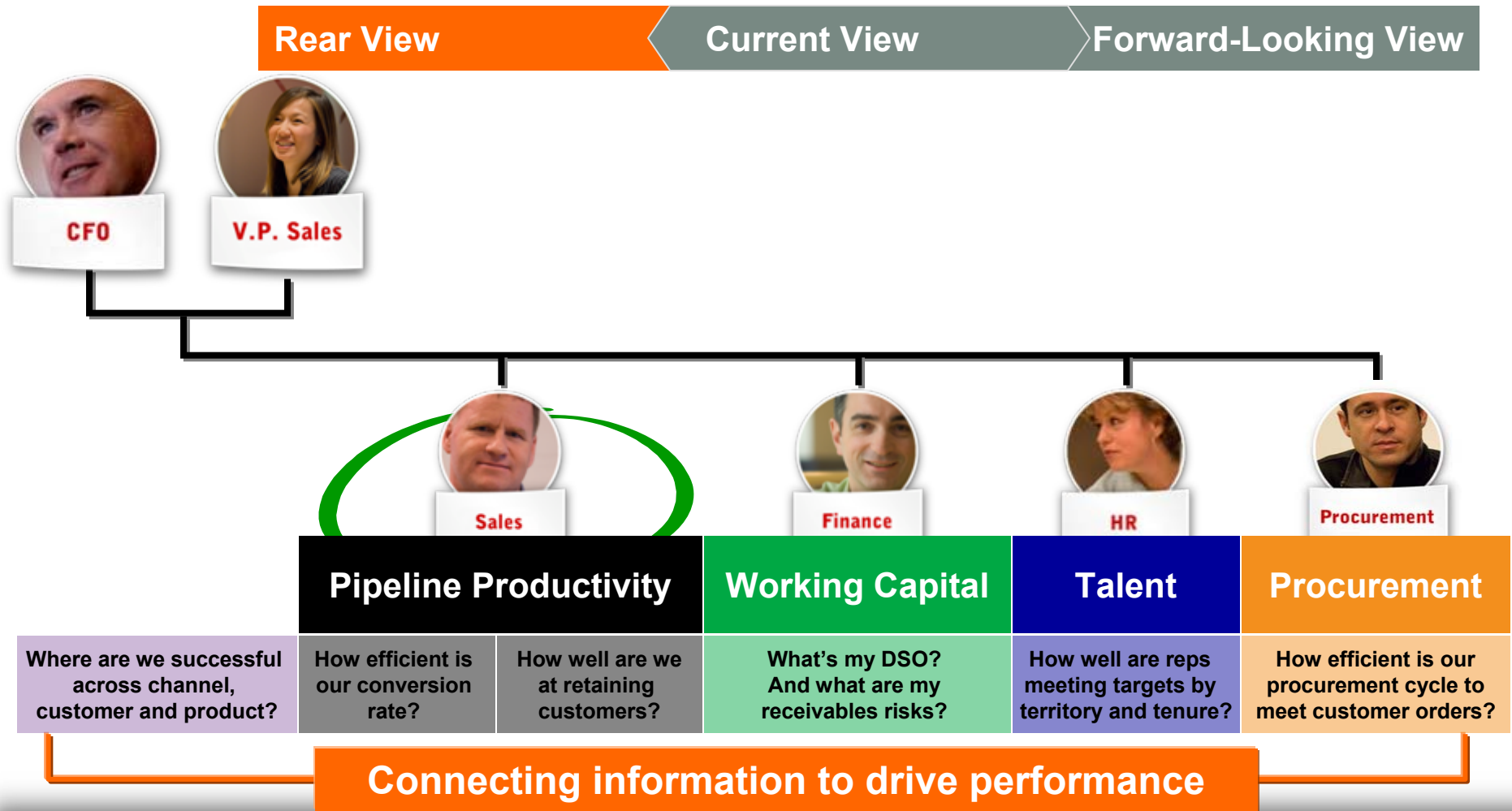


- Role-based Simplicity
- Full Range of Capabilities
  - Reporting
  - Analysis
  - Dashboarding
  - Search and Mobile
- Single, open platform

- Engages business users
- Flexible access to information in any source
- Users share a complete and consistent view



## Business Insight Drives Higher Business Performance







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*Understanding  
the impact on  
financial  
performance*



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## Solutions

6,000 dedicated Consultants,  
Industry specific  
solutions/expertise

## Software

Over \$12B Software  
Investments in the past 5 years

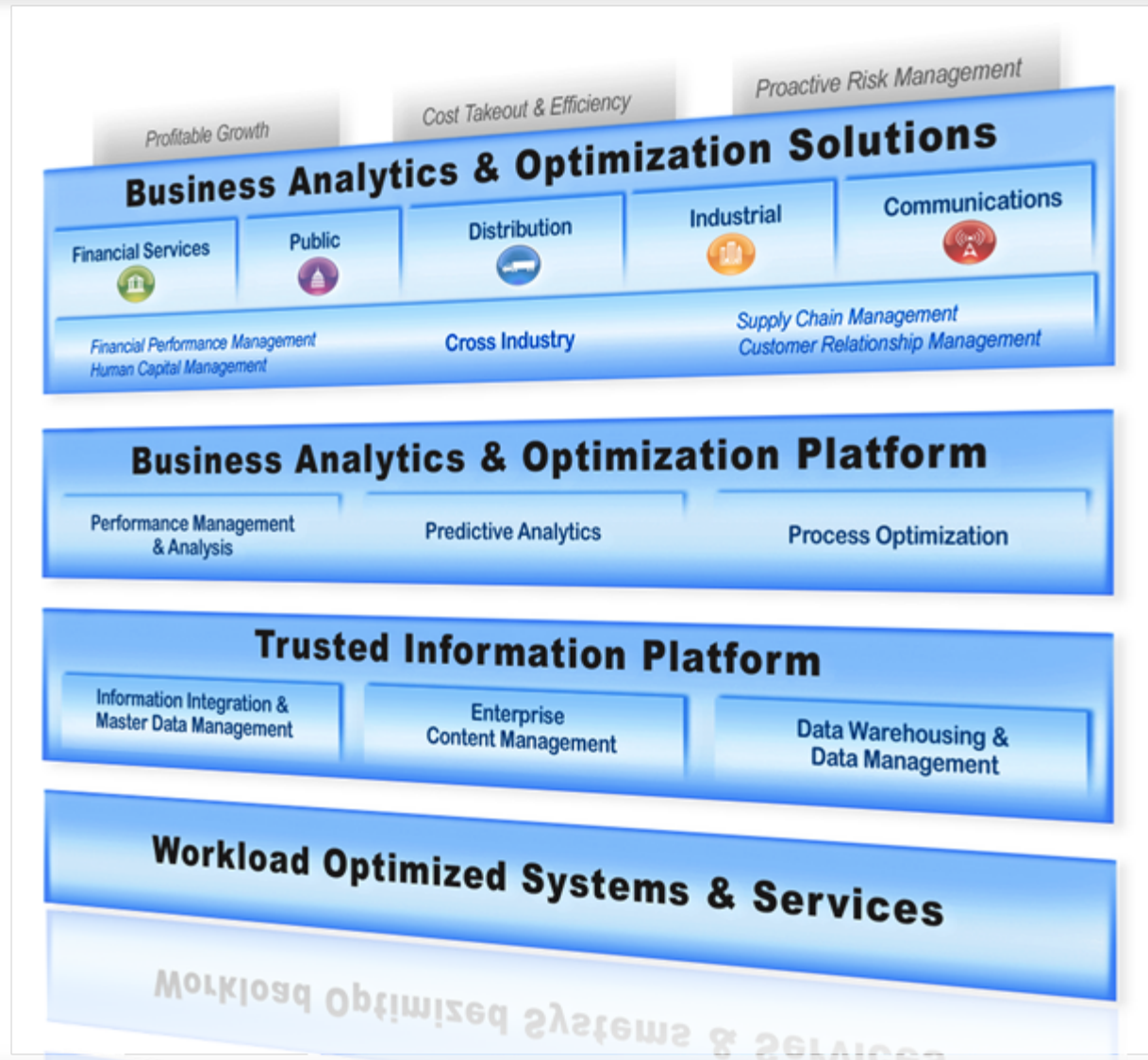
## Systems

Over \$6B invested in  
Systems R&D; e.g., Smart  
Analytics System

## Research

10 Years Research in Services;  
largest math department in  
Private Industry; leading  
advanced analytics/  
optimization experts

**Cognos**  
software



## Get Started

- 2010 IBM Global CFO Study
- 2010 IBM Global CFO Study Assessment
- Innovation Center for Performance Management







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