

Cognos Analytic Applications Integrated Demo - Transcript

Slide 1 – IBM Cognos Analytic Applications

Welcome to this demonstration of IBM Cognos Analytic Applications. These **packaged, adaptable** BI solutions optimize business performance by providing actionable, cross-functional insight from information locked in ERPs and other data sources. Available with IBM Cognos 8, they enable customers to implement a solution **quickly and extend** to a full range of IBM Cognos BI and performance management capabilities.

The result: A solution that delivers faster insight to support smarter decisions; decisions that improve line of business performance.

In this demo, we'll review all four application areas:

- IBM Cognos 8 Financial Performance Analytics
- IBM Cognos 8 Customer Performance Sales Analytics
- IBM Cognos 8 Supply Chain Procurement Performance Analytics
- IBM Cognos 8 Workforce Performance and Talent Analytics

But first, let's briefly review our portfolio.

Slide 2 – Faster Insights: Smarter Decisions

IBM Cognos Analytic Applications deliver self-serve packaged reporting and analytics using a common business model that can adapt and change as fast as your business does – applications that together and individually provide an integrated view of performance that we'll preview in our demo. As a result, our customers gain insight into their performance consistently across departments far more cost-effectively than if they were to build it themselves.

What does this mean for your business – from departments to individual employees to the enterprise overall?

It's the ability to:

- Gain faster insight using packaged reporting and analysis to accelerate *time to value* and *action*
- Consistently measure line of business execution of strategy
- More effectively manage risks and controls
- Anticipate and explore new opportunities through different BI reporting formats and our performance management suite.

For IT departments, this means that self-serve packaged reports **minimize IT resources**, eliminating ad hoc reporting requirements and focusing your staff's energies on more

strategic, value-added services. More importantly, our applications enable **continuously relevant reporting and analysis** regardless of changing business needs.

The result – A common decision making framework, faster, cross-departmental and functional insight and delivers better total cost of ownership.

Slide 3 – Business Challenge

Our scenario is based on the experiences of our customers. How they look at business performance challenges ... Not as isolated, siloed moments in time, rather as challenges that more often than not radiate out and affect multiple stakeholders, departments and the organization as a whole.

And like our customers, our scenario has multiple stakeholders that include:

- V.P. Finance
- V.P. Sales
- Sales Operations
- Accounting
- HR
- Procurement Buyer and Director

It starts with a common question: How are we performing? More specifically, for this manufacturer of gaming and pool tables, why is our revenue trending downward? And what's the impact on our organization?

- For sales
- For product quality and supplier relationships ...
- And for how this organization manages its talent ...

Demo

Financial Performance Analytics

It's mid-quarter. Our V.P. finance is reviewing in our Financial Performance Analytics solution his weekly check on revenue performance over time – in this case by quarter.

To do that he selects the Performance Effectiveness analysis area and revenue by account trend report. Here, he follows the straightforward prompt process and run the report for the second quarter.

The numbers paint a grim picture. Over five periods, he views a gradual increase in sales for gaming tables, but they suddenly decline in Q2/09. Also, the sales of billiard tables have declined as well. Moving to the operational chart below, he gets additional details and can compare the actuals from Q1 and Q2.

These numbers set off alarm bells. And he decides to email the report to his CFO, while contacting the V.P. of sales currently on the road meeting customers.

Customer Performance Sales Analytics

After receiving a call from the VP of finance, our sales V.P. thumbs through her sales segmentation dashboard on her Blackberry, where she can see standard reports for products, customer and channel. Using IBM Cognos Go Mobile she doesn't have to modify or create a unique report for her Blackberry.

And in her two most important charts, total sales amount and sales count for product analysis, her spider senses are tingling. Quarter over quarter declines in sales particularly for her company's billiard table product category.

She takes a closer look. Overall, sales are down by nearly half. And billiard tables look as though they are not gaining any traction from a volume perspective.

Is this a sales issue? Economic conditions? Do we need to sell harder?

Better check in with her sales operations lead with an email of this report.

Reviewing the same dashboard as his VP of sales, the sales operations manager opens his standard dashboard, which provides top-level reporting and analysis of product sales, customer segment and channel.

He shares her concerns with declining sales and volume of the billiard table product category. For more specific information, he drills down into product specific information.

Same reporting format. Same analysis. All pulling critical information from our sales analytics solution.

Here, his concerns are verified. Not only is their high margin product, the Deluxe Pool Table declining, but so too are the other products.

The report is important for two reasons:

- 1) It tells him that on a quarter by quarter basis – in this case he compares Q1 to Q4 of last year – the variance amount and percentage, indicating a troublesome decline percentage wise across most customers.
- 2) This packaged report ranks the variance by customers, the biggest being entertainment venues at 39% and the total variance amount \$3.8 million dollars.

But why are these declines occurring? He needs more details on the product category and opens his item quality report, another packaged report.

Using an easy-to-use prompt, he runs an item quality report for the past 6 months. In this report he notices that billiard tables have a very high “return to ship” ratio, with 5105 shipped and 591 returned – that’s nearly 5 times the rate of the other products.

By drilling into Billiard Table Product Category Details he sees that the company’s high margin product, the Deluxe Pool Table, has a tremendous “return to ship” ratio – nearly a third of all products shipped are returned.

To find the source of the problem he runs another packaged report, the item return reason report. The report says that for the current year 70% of the returns are a result of a defective product. Compared to the previous year, defective returns appear to be on pace to exceed last year’s ... all of which is costing the company nearly \$4.7 million dollars.

The sales operations manager decides to email this report to the VP of sales and the procurement buyer for the product category.

Supply Chain Performance Procurement Analytics

Our buyer takes her cue from her sales operations colleague. She opens her IBM Cognos 8 Supply Chain Performance Procurement Analytics solution, and runs her return to vendor activity report, comparing vendor performance over time.

Last Chance Lumber is a primary supplier for the Deluxe Pool Table product. The reject rate is 22%, however – an unacceptably high for a lead supplier of a premium product.

Concerned she emails the director procurement to assess further some of the issues with this supplier and potential alternative suppliers for their product.

This is her procurement director’s cockpit. A 360 view of supplier performance, account for spend, POs by buyers and overall performance.

In this dashboard, the director can look at spend by vendor type and period, compare vendor spend by year, as well as examine open purchase orders by buyers and vendors.

More importantly, she can gain insight into how Last Chance Lumber compares to other vendors on reject and delivery rates and average days late.

What’s clear is that Last Chance Lumber is a poor performer – right across the board compared to the company Top Vendors as indicated by spend. So our procurement director drills down to gauge how the company compares against other lumber and wood suppliers.

In particular, she wants to compare the company to Stellar Industries, which provides similar products for the Deluxe Pool Table.

Here too, Last Chance Lumber performs poorly, especially on reject rate but also on delivery and average days late. Stellar, meanwhile, performs much better ... and may represent a solid option.

But she wants to learn more. She has a hunch. So she opens a packaged report for cost of non-compliance by vendor. Here she wants to understand how this vendor is performing against others in terms of compliance to contractual obligations. What's the cost of not complying with contractual terms? Here, she notices that the purchase amount outside of the contract is high, nearly \$300K, and that the potential savings if these purchases were within compliance would be more \$20K – a significant amount.

Why is this occurring? Aren't the team's buyers properly trained?

He contacts the HR department to find out the status of buyer training.

Workforce Performance and Talent Analytics

After speaking to the director of procurement, our HR director reviews her company's workforce dashboard, which provides a comprehensive look at headcount, hire & separations, separations by length of services, learning hours taken, time to fill and open requisitions.

She notices that an operation, which includes procurement, has a relatively high separation count for buyers in the 1-3 year range – a very high turnover rate. She drills down into her dashboard for the specifics.

Same report. But here she compares buyers vs. receivers and realizes that buyer separation is four times greater than for receivers. Then below, in the learning hours taken, receivers take more than twice as many trainer hours than buyers. From here she drills down on open requisitions, and finds that the average time to fill a new position is 140 days!

To understand the wider implications of their hiring pipeline, she examines stage cycle times for hiring by locations in her Talent Analytics add-on module for Workforce Performance. The report provides a regional breakdown of time to hire through different hiring phases. If one part of the problem is hiring timeliness, then she can ascertain which regions are doing a better job moving candidates through her organization's hiring cycle.

As she moves to the operational chart, she discovers that certain countries are more efficient than others getting new recruits through their hiring cycles. Australia has become inefficient year over year in Stage 1, while France has improved its Stage 3 days year over year.

Her diagnosis – That there likely needs to be a regional-driven hiring approach, one which can meet open requisitions quickly to remedy high turnover rates in the short-term.

This combined with stronger buyer training will enable the organizations to more effectively select suppliers and to meet the revenue goals of her organization.

Summary Slide

In summary, what was a revenue problem turned out to be a training problem ... Our answer is creating new intelligence for LOB professionals using IBM Cognos Analytic Applications – new intelligence that drives smarter decisions, aligned outcomes and optimizes businesses. And we can do that by helping organizations tap into the massive data sets being created in an instrumented, interconnected world; capturing it, analyzing it, and delivering it so that it is complete and relevant to the decision maker and the decision at hand.

Together, IBM Cognos Analytic Applications' capacity to anticipate and explore this new intelligence across different points of analysis in packaged format enabled this organization to gain faster insight and value, integrated, cross-departmental reporting and analysis and ultimately smarter decisions ... decisions not in isolation, but as part of a common decision making framework that helps organizations, departments and individuals align business outcomes and improve performance.

How much would this cost you to build from scratch? Learn more about our analytic applications by visiting www.ibm.com/cognos.