IBM Cognos Customer Analytics

Know your customers.

One unshakable rule of business is to "know your customer." In today's business climate, this means using business intelligence (BI) software to analyze complex customer data. With BI, companies can answer a wide range of critical questions about their customer base. These can include:

Who are my company's top 10 revenue-generating customers?

What products are my customers purchasing?

Which customer types have contributed most to revenue growth?

Business analysts, marketing managers, and other decision makers need more detailed information. They need to ask tougher questions about their customers. They need to delve further into the data to understand how their customers' behavior aligns with their production processes and sales cycles. They need to ask such questions as:

Which customers are getting the highest discounts?
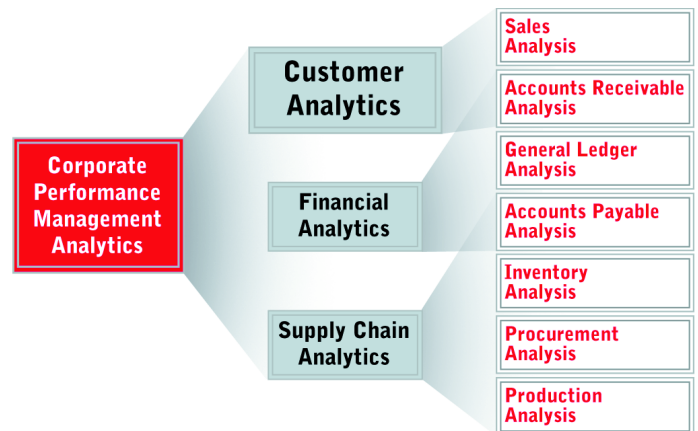
Which represent the highest number of returns?

Which customers present a risk of potential bad debt?

What is the credit history of my largest customers?

Which customers are taking the highest sales discounts and the highest accounts receivable discounts?

Which customers are profitable?

IBM Cognos Customer Analytics can answer all of these questions, and more. IBM Cognos Analytic Applications make BI ready-to-use with hundreds of pre-defined scorecards, metrics, and reports based on the best practices of successful global companies and industry experts. IBM Cognos Customer Analytics is an integrated set of reporting and analysis functionalities that draws critical insights from your sales and accounts receivable data to create a more complete picture of your customers' behavior and its impact on your business.

IBM Cognos Analytic Applications

IBM Cognos Customer Analytics let you:

- analyze customer types and profile individual customers
- monitor and compare trends in customer type, customer base size, buying, contribution to revenues, product mix, customer ranking, profitability, and more
- evaluate customer profitability and cost to serve
- view buying patterns, average order sizes, and number of purchases in a specific time period
- monitor customer type and customer-specific aging schedules by number of transactions and total dollars
- assess customer satisfaction by number of adjustments delinquencies, returns, shipping delays, buying frequency, and trends
- distribute customer information across the organization for operational management and reporting and analysis needs
- provide self-service or on-demand reporting and analysis.

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IBM Cognos Customer Analytics lets you evaluate and rank your most valuable customers, monitor and analyze their overall value to your business, and understand their buying behavior. These insights help you focus your attention on attracting and retaining customers whose behavior will help your organization reach its strategic goals.

Powerful pre-packaged reports and metrics answer critical business questions and track customer key performance indicators that are grouped into the following categories:

- Customer Profiling and Valuation
- Customer Satisfaction
- Customer Credit
- Product Performance
- Sales Performance

Customer Profiling and Valuation

Defining your best customer involves several factors: the revenue they generate, the frequency of their purchases, the cost to serve them, and more. Analyze each of these factors in isolation or combination to create profiles of each of your customers and evaluate their respective value to your business. Analyze customer profiles by sales channel or by industry segment to identify crosssell opportunities, new markets, or under-performing markets. Use this information to direct your activities on retaining high value customers.

Customer Satisfaction

Changes in your customers' buying patterns, an increase in their rate of returns, or the length of time they take to pay invoices are all indicators of their satisfaction with your company. Examine these and other indicators to gauge individual customer satisfaction and to identify overall trends that can be leveraged into increased customer value. Identify downward trends to retain customers before they leave.

Customer Credit

Aging receivables can quickly become bad debt that is transferred from your customer to you. Examine the number and age of each of your receivables to identify customers who represent a potential source of bad debt. Prioritize your collection activities to minimize the risk of accumulating potential bad debt.

Product Performance

Managing your product performance effectively requires insight into product revenue, demand, and velocity. Identify which products generate the most demand and interest with your customers to align your sales organization with your most profitable products. Identify cross-sell opportunities with customers who have a similar profile. Gain insight into how your shipping procedures and inventory levels affect your customer and sales activities to increase efficiencies in your back office.

Sales Performance

To improve your sales performance, you need insight into your customer purchase patterns and trends in different market sectors and across sales channels. You also need to understand the impact of your billing and shipping procedures on customer satisfaction. Analyze each of these factors to understand the factors that have the greatest impact on your sales performance. Leverage positive factors into greater efficiencies in your sales organization and reduce the cost of attracting and retaining the right customers.

Using IBM Cognos Customer Analytics

Deploy IBM Cognos Customer Analytics to leverage prebuilt scorecards, more than 80 reports, and over 250 metrics from hundreds of business questions to resolve three common customer issues:

- **Visibility**—achieved through easy access to customer data and guided analysis
- **Accountability**— achieved through distribution of scorecards
- **Reliability**— achieved through optimizing, integrating, and consolidating data into a single view

Visibility— Accurate reports, on time

Acting on trends in customer behavior—whether in sales, product, or customer profiles—can often mean the difference between success and failure. Acting on positive trends while they are happening can drive increased sales, satisfaction, and loyalty. Spotting negative trends too late in the game can result in lost customers. IBM Cognos Customer Analytics let you identify both positive and negative trends and deliver critical information and analysis in a format that enables quick decisions. Pre-built analytic pathways

ensure that the right questions are always asked and the right information is always returned.

Sales can access specific customer information such as activity at a particular customer over a certain period of time. Marketing can study trends in product lines. Finance can easily extract trends in sales, gross margins, revenue, and other relevant statistics. Users can drill down by customer, product margin, or revenue by product line, and get the most up-to-date results within minutes rather than days or weeks.

Accountability— Customer metrics for all

Companies derive maximum value from their customer base when accountability for sales, production, and customer profiling are integrated and aligned. Each department needs to understand its respective area of accountability and the impact that its particular metrics have on other areas. IBM Cognos Customer Analytics support company-wide alignment through scorecards that display metrics and KPIs. Employees can proactively manage their areas and see how accountability for other areas is distributed throughout the company. Performance issues can be identified and analyzed, and resulting insights communicated to those responsible. This ensures that tactics are aligned with strategic goals across the company.

Reliability—Turn data into action

Sales, product, and customer data often reside in a variety of databases, ERP systems, and unconnected spreadsheets across your company. Changes in one source are not reflected in another, leaving customerfacing employees to work with outdated or inaccurate information. IBM Cognos Customer Analytics integrate sales, product, and customer data into one central source of data and metrics for a complete view of your customers that everyone in the company can trust. Changes in customer activity based on sales activity will be reflected in product performance and customer profile data. In this way, critical customer data is constantly updated and optimized for a consistent pool of performance metrics and KPIs.

IBM Cognos Analytic Applications

Cognos, an IBM company, offers Analytic Applications for three core business processes: IBM Cognos Financial Analytics, IBM Cognos Supply Chain Analytics, IBM Cognos Customer Analytics. These suites integrate for a complete picture of how your organization is performing.

Integrating IBM Cognos Analytic Applications across supply chain, finance, and customer domains means that report users can share a common business language and understanding of performance and strategy. Such concepts as customer, product, and region are defined consistently in every report, making communication and collaboration among different departments easier and more effective.

IBM Cognos Analytic Applications let companies communicate and reach strategic goals through key metrics that employees at every level across the organization can understand and follow in their own responsibilities. Metrics and KPIs can be displayed by function, by role, or by accountability. Users can quickly identify positive and negative performance trends and analyze the driving factors from a high-level summary down through levels of increasing detail. They can share the resulting insights using a variety of built-in communication and collaboration tools.

Benefits for IT

IBM Cognos Analytic Applications provide a cost-effective alternative to the expensive, difficult, and risky proposition of building a performance foundation on your own. Following best business and technical practices developed through work with thousands of successful companies and industry experts worldwide, Cognos has built a complete, out-of-the box corporate performance management foundation. IBM Cognos Analytic Applications come with a foundation of more than 650 metrics, more than 250 packaged reports, and more than 35 OLAP (online analytical processing) data cubes. Using built-in Cognos BI, users can generate an array of additional reports—OLAP, time trending, comparative, summary, and transaction detail—to meet information requirements for all positions throughout the organization. IBM Cognos Analytic Applications come with built-in business value, include a production-ready architecture, and are easily extensible to accelerate your time to results.

Build versus buy — the IBM Cognos Performance Applications advantage

Why accept the risk, cost, and time investment needed to build a corporate performance management foundation when IBM Cognos Analytic Applications provide an out-ofthe box solution that gives you:

- **Accelerated time to result** — All the steps for building an enterprise performance solution have been completed and put in the box. This drives value in and time out at every step: modeling the problem, preparing the data, analyzing and delivering insights. Pre-packaged components for IT and business people ensure fast implementation and data integrity, quality, reliability, and accuracy.

- **Built-in business value** — The IBM Cognos Analytic Applications combine Cognos market-leading BI tools with best business practices, resulting in a unique value for customers. The built-in business knowledge is based on years of analytic applications expertise. It leverages Cognos' more than 15 years of business intelligence experience with more than 22,000 customers worldwide. Cognos' breadth and depth of BI ensures that you have the right lens for every role.

- **Production-ready architecture** — IBM Cognos Analytic Applications are purpose-built for J.D. Edwards, Oracle, SAP, and other operational systems on top of a single enterprise data model. This allows the solution to rapidly integrate into enterprise environments with a minimum of IT effort. IT can easily customize to reflect unique ERP customizations. It also benefits from builtin best BI practices and best data warehousing practices, including the automation of incremental data updates and slowly-changing dimensions.

- **Extensible for competitive advantage** — Cognos can provide tools to ease customization or extension. Add additional ERP and non-ERP data, an open data warehouse model, new areas for analysis, customerspecific metrics, new/changed reports and analyses, or new BI pieces for new views into the content. Start anywhere, knowing that incremental applications will combine seamlessly into an integrated whole.

About Cognos, an IBM company

Cognos, an IBM Company, is the world leader in business intelligence and performance management solutions. It provides world-class enterprise planning and BI software and services to help companies plan, understand and manage financial and operational performance. Cognos was acquired by IBM in February 2008. For more information, visit **www.cognos.com**

For more information

Visit the Cognos Web site at www.cognos.com

Request a call

To request a call or ask a question, go to www.cognos.com/contactme. A Cognos representative will respond to your enquiry within two business days.

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