

IBM WHITE GLOVES EVENTS

Moderator: Tim O'Brien
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is being recorded. We will pause for a moment to initialize the recording, please standby.

We would like to welcome everyone to today's Web event titled financial performance insiders featuring IBM Cognos 8 workforce performance talent analytic. At this time it is my pleasure to turn the floor over to Mr. Tim O'Brien. Mr. O'Brien you have the floor.

Tim O'Brien: Thank you very much and welcome everyone to this installment of the financial performance insider featuring IBM Cognos 8 workforce performance talent analytics. Before I turn the microphone over to Mike Holly and Chris Ride Director of Product Marketing within IBM, I wanted to update you all on a few things going on in the IBM Cognos innovation center who sponsors this event as well as from the community with which we deliver events like these Webcasts to give you some feedback on what we're hearing out there. As most of you know the IBM Cognos innovation center is made up of IBM customer of which we've got over 6000 members around the globe and we also partner with third party thought leaders so we bring in people like David Axon from the Sonax Group, Jeremy Hope from BBRT, David Norton from the Balanced Scorecard Collaborative and many others.

We've got over 25 third party thought leaders with which we work who author thought leadership, research studies on our behalf who speak at our events whether they're via the Web or in a live setting. They also meet one-on-one with individual customers to help them along this notion of a performance management or a business analytic journey and what comes out of all this – all this work that we do with our customers with our third party thought leaders is we create these workshops that we deliver to our community around the globe, Webcasts such as the one that you're participating in today.

We also create something called an IBM Cognos performance blueprint and these are essentially prebuilt data process and policy models that reflect different best practices these business practices across this idea of performance management so there are blueprints around planning, budgeting and forecasting practices like workforce planning, like head counts compensation planning, capital planning, things like that. There is also

blueprint that we created – that are created within an industry specific vertical such as within retail. We've got store operations planning blueprint and many others of which you all can access as a customer at no cost and these are customizable as well so you might take a look at one of the blueprint and really like what you see but only about 80 percent of it applies to your organization or it's going to be very easy to customize that so that it fits the actual practices contained within your organization and then as you develop over time and add in more practices for these particular processes you can always adjust and update the complexity of the blueprint as needed.

We also have thought leadership and best practice articles available to our community, customer success podcasts. We produce a monthly newsletter calendar of events because there's so much going on in the innovation center we want to update you all on what those things are on a month basis. We've got an online community. We also host a financial performance management tab as well as having customer benchmarking tools that are available to our community.

One of the live workshops that we deliver is around best practices in forecasting and really spending some time drilling into the rolling forecast and some of the best practices we talk about within this workshop, you can see there on your screen these are the six main ones and not only do we get into what the best practices are but we talk about how organizations have been able to successfully and also unsuccessfully implement these types of best practices to help you as a customer looking to take on an initiative like this avoid the pitfalls and successfully adopt this type of forecasting methodology. The notion or idea being that we're trying to help you implement best practices and by hearing from other customers, hearing from the innovation center who is out there talking to so many organizations it should help you along this journey to implementing that type of a solution.

We also have a workshop we deliver on strategy execution, same idea. Here are some of the best practices we discussing peppering and customer success stories and also ensuring that we've got a good lively interactive discussion amongst all the attendees so that you can hear from others and where they are in this journey of deploying a strategy execution framework.

Another workshop we deliver is called the performance management experience and this is a great workshop, it gives you a sense of what the power of pervasive performance management and business analytics really is if you have this solution adopted across your enterprise and what we do in this is it's a business simulation game and essentially you're spring boarded into this organization, it's your job to really drive, monitor and understand the business in this workshop and you're doing it through the use of business analytic tools and you're basically making go forward decisions at the same time so you're looking at scorecards and dashboards, you're looking at planning, budgeting and forecasting information, you're looking at a lot of different analytics from a lot of different views and you're using our solutions to accommodate it at all levels of the organization, different geographies as well so it gives you a perspective whether or not you sit on the front lines of the organization and the back office in the executive suite or at middle management so it's a great workshop to give you a sense of the power of the possible with business analytics and performance management and these are some of the other Webcasts that we do you'll see financial performance insider included there.

There's three others that we deliver on a monthly basis that we make available to our community of members in the innovation center as well as customers. This is the IBM Cognos Innovation Center widget. What I've walked through with you just over the last few slides, obviously there's a lot of stuff that we're doing month to month even week to week and this widget is great because it really allows you on demand to find out what's going in the innovation center and you can filter by the live events. We're doing the Webcast the blueprints as well, functional and industry specific. You can join our online community. We've got a LinkedIn group and a twitter account as well. very easy to forward on information if you see something that you like and you think a colleague maybe interested in this as well. It's got that nice element to it as well and here's just a quick slide on the online community. We'll make sure you all by the way get updated information on everything I've discussed over the last 10 or 11 slides but I just wanted to make you aware of that. Then just really quickly, I think we'll all agree that the world is getting smaller and flatter, it's riskier but we're all getting smarter about our business at the same

time. We're more instrumented, we're more interconnected and as a result more intelligent.

However, as we've seen from the global financial crisis we've got our ways to go before we really are in a predictive phase to have advanced warning on risks and threats to our organization beyond just a global financial crisis just for your particular organization against your industry competitors and the global marketplace out there and what we're seeing is that organizations are able to successfully succeed in this environment through a focus on value exploiting opportunities and acting with speed and we don't have enough time to get into these today but these are some of the things we talk about in these workshops in pretty good detail and one thing I just want to point out is that things have really changed. I mentioned that earlier such that in the 19th and better part of the 20th century we were in an industrial based manufacturing economy where it was very easy to understand your business, the wealth of a business, the raw materials and you've got the finished product not rocket science to understand the market value of that business and the world has really changed and as a result in this 21st century it's more focused on the intangible side and you can see from this Brookings Institute study going back to 1982, 62 percent of the S&P 500 market value, those companies, 62 percent of it was based on tangible value. The intangibles are smaller chunk.

Now look at 1992, shifting a bit and then in 2006, 90 percent of the S&P 500 that market value of those organizations is based on intangible value and what does that tell us, well that tells us and I'm just flashing up here what are some of the representations of intangible value but essentially what this is telling us that the decision makers in our organization have never been more critical to the success of our organizations and the problem is with all of this information that we have out there, the volume of data there's still a lack of insight an inefficient access to this information, which leads to an inability to predict so the information is out there, it's getting it to the right people at the right time to make insightful decisions to stir the business in the right direction and here's just some insights across a couple of different industries that I think is worth mentioning just on the retail side, imagine that if you could determine discount levels for select people at the time of sale instead of offering an across the board discount to just anyone. If you had those kinds of analytics at

your doorstep and through all of this that we're talking about trusted information, actionable insights and form decisions optimize performance, this is what we're talking about when we bring up business analytics and performance management and these are just a few of the success stories that are out there that we've worked closely with and have gained so much value from our solutions and working with the innovation center.

As you can see here according to the global CIO study that right now business analytics, this topic we're discussing is the number one concern for CIOs, 83 percent made that their top priority. SO clearly there's an interest and a need for this type of solution and it's causing organizations to really look at how they're answering these three questions around deciding and then acting and that is what is happening why and what is likely to happen and it doesn't matter what level the organization you sit, what function of the organization you sit or what geography you're asking these three questions so that you can make the informed decision and you need answers through a technology of common platform to easily facilitate answering those questions and IBM business analytics can help facilitate that and we can get into more detail of that at another time especially in our workshops we can definitely get into more detail but for now just wanted to give you visibility into that and that first question what is happening just very simply can be answered through scorecards, it could be answered through reports and through real-time monitoring to give immediate insights to business performance and then that second question why? Well, why is answered through ad hoc queries, through trend and statistical analysis and content analytics and it gives deeper analysis of trends and patterns and then lastly what is likely to happen. That's through what if analysis through predictive modeling and through planning and budgeting to give foresight to plan and allocate resources and all of these questions I mentioned earlier should be answered through a single integrated platform and what this provides you is a seamless facilitated way to get the right information to the right people at the right time to make better decisions and if better decisions are made then improve performance certainly will result. So I appreciate you all letting me walk through that. I wanted to give you a broad view of business analytics and performance management and what's going on in the innovation center and what we're hearing from our community. At this time, I'd like to pass the microphone over to my colleague

Chris Wright Director of Product Marketing for IBM, Chris you have the floor.

Chris Wright: Thank you so much Tim that is great introduction. I'm just going to start here. We'll cut right to the chase in terms of our agenda for today. Tim mentioned a couple of really interesting things and one is driving insight at the point of decision making and looking for interrelationships that extend beyond (silo) of business functions but looking at the context of business performance not only as an outcome of a department in its goals and it's relationships (inaudible) comparatives of an organization but how does that impact other departments. So we want to take a look at not just the HR issues but how these HR issues relate to finance so we'll take a look at their cost in terms of what are the financial impacts of not managing workforce and talent properly. We'll take a look at what's the relationship for finance around getting better insight and effectiveness and we'll draw upon a recent CFO study that we published in April.

I'll take a look in more detailed at our workforce performance solution but also the add-on module around talent analytics. I'll provide a very, very top level demonstration in terms of the interplay between how we evaluate talent and its financial implications. We'll get into a little bit of a technology; I'm not going to spend a lot of time on it but for our finance audience you certainly do want to understand the return on investment in terms of managing and sustaining the application value over a play cycle and then lastly what are the aligned outcomes across HR and finance. The fundamental question I ask throughout the presentation is how do we reconcile HR views and dimensions and perspectives with finances often misinterpreted views around cold rigid calculated analysis. So let's just, you know, go to analytic applications, I just want to get the definition straight in terms of what are analytic applications and really there's a couple of components to them.

Analytic applications really have packaged or readymade business analytic capabilities typically a common method of sourcing information from heterogeneous data sources, a common data model for analyzing that data that is pulled from these sources and then a mechanism for reporting on this and really addressing a particular demand or business problem. If you're really

focused in on workforce but analytic applications in their domain really focus in or bare down on three real fundamental performance issues and first is the lack of consistent reporting analysis typically of operational data from different transaction systems to really a lack of insight into operational performance and really inability to easily adapt the reporting environment of changing business circumstances.

And three an inability to quickly build and deploy and manage analytics content for end users and this ultimately drives what packaged analytics ultimately drive as a better capacity to drive faster insight to make faster decisions, a platform for, you know, a consistent measurement of business performance and strategy execution and ability to anticipate and explore new opportunities through different BI components through a performance management system, which we'll talk a little bit about in a moment or more effectively managing risks and (control) so a better justification and understanding what these risks and then at putting in place appropriate controls based on a common fact based assessment of how the organization is performing and our view this really drives smarter and the line decision making.

So, let's also reflect upon a wider implication here. As you can see in the bottom are applications reflect on finance workforce, procurement, customer sales but we're also part of the business analytics solution group, which has a very broad portfolio connective process of focus on performance and strategy management and this really includes score carding and strategy management, planning and forecasting financial analytics and as we've mentioned before a line of business specific analytic applications are in the game and all of this is really helping customers gain greater decision making agility within their operations to really and affect more consistently manage their reporting and analysis as a foundation for accurate and transparent performance insight a real precondition that provides customers with an affect a guide pass the better more accurate operational financial planning. All of this is connected, a consistent mechanism for reporting analysis of operational data by taking that framework and that baseline and extending it out to other areas of strategy management, other areas of reporting and analysis using our performance management system.

So what I'd like to do now is just maybe reflect a little bit upon, what do we mean in terms of the impact of say workforce analytics on a customer situation. Just to begin to get a flavor for where we're heading in today's presentation, here's just a few examples of what we're able to do and I think we're really focusing on pinpointing performance issues and isolating performance issues so that there's a clear course of action and a mechanism for making fact based decisions so that you can do appropriate remedy to make the business stronger and perform more effectively and then the case of this particular example on this was a Midwest US based insurance firm that needed ready access to strategic information and professional development tools that can support the growth throughout the organization, growth that was driven in large part by mergers and acquisitions but really needed analytic capabilities and appropriate analytic controls to identify trends early on and make informed decisions particularly given that was an insurance company and that it had a very branch oriented environment where there was really inconsistent performance appraisals and performance reporting on employees, which ended up costing the company quite a bit of money.

What the company really needed then was a standard assessment of costs and management of compensation talent acquisition, a robust workforce reporting analysis system that managers across the company could gain access through using self serve and easy to access reports and consistent HR metrics for all managers throughout the organization both within country and globally and the end result using our workforce solution was that they had a standard mechanism, a standard way of measuring how their workforce was performing both at the regional and the corporate level that ended up bubbling up to more streamlined and solid ways of managing compensation and performance overall and allowed them to assess their talent and HR needs to really meet some of their aggressive business goals.

But what is the relationship to finance and vice versa finance relationship to HR, you know, the question that I ask in this presentation is how do we reconcile these two silos which sometimes are often ahead in terms of evaluating a workforce or a talent strategy and we know there are fundamental tensions here based on outlook and perspective, certainly HR on the one hand

often lacks rigorous analytics to be involved in the formulation and execution of business strategy, they're shut out of the boardroom table because they lack that kind of basis from which to really link HR metrics to larger imperatives of an organizations goals and objectives but at the same time they're often charged with retaining valuable talent, improving workforce performance, developing the requisite knowledge and skill to be more competitive and execute business strategy and determine these strategies for workforce reduction, retaining and redeployment in times of downturn or as the economy recovers engaging in a talent strategy, acquisition strategy and then also at the same time ensuring there isn't – there's continuity to the operations of the business with appropriate career paths and succession plans for key positions.

Finance meanwhile has certainly more objective measures if we look at it on a superficial level by which they access their workforce and some of these, you know, this is certainly not exhaustive but really what is my return on human capital investments, you know, how do I lower my recruitment and separation costs? How do we improve productivity so we can capitalize opportunities on how do we more effectively manage compensation and performance pay and is there a greater ability to forecast payroll and benefit increases across the organization as we grow and capitalize on opportunities.

So how do we reconcile these two worlds? I think what we really need to do though is really understand the workforce implications for driving innovation and driving growth and this is some of the findings of 2008 global human capital study on talent management and talent and really there's a couple of things, there's really four things that we believe, you know, organizations must focus on to enable their workforces to drive success for their organization really with an emphasis here not an HR but on the organization overall and that's an important distinction and here, you know, the first point around this is that an adaptable workforce that can rapidly respond to changes in the outside market is absolutely critical and having the appropriate capability and training mechanisms to respond to that, it's really a preconditioned to being an agile workforce and responding to competitive pressures throughout the organization. The second piece is do we have the effective leadership to really guide that – change that marketplace change and view the organization with greater agility giving them the appropriate tools so

that they can really perform and overachieve in terms of trying to achieve their objectives. The third element is do we have an integrated talent model that really addresses the entire employee life cycle. You know, an interesting fact that more than half are finding rapid skill development to be a particular challenging environment. This is very germane for organizations in knowledge intensive industry such as life sciences or the like where there's a real need to upgrade skills on a constant basis but how do we keep pace with not only technology change but business change and market changes overall.

Then lastly what is the foundation for assessing the success against these core elements. Invariably its workforce analytics or some form of analytics so that you can begin analyzing how you're progressing against these kinds of drivers in terms of improving organizational performance so even though the study is a little bit old granted but the theme suggests that to a constant performance issue and that is namely four elements really workforce flexibility, affective leadership, talent retention and acquisition and analytics from which to measure success and that's really the foundation for which organizations really need to reconcile these two worlds between HR and finance but let's take a look at what's the cost of not doing this, so what's the cost of not doing this in an integrated way where HR and finance are not collaboration and this is a really good tool that IBM has called the IBM Benchmarking Wizard and I just pulled this information this morning actually from a human capital survey, an ongoing survey conducted by a benchmarking firm called APQC of HR executives on a regular basis and they really compare and contrast the median between the benchmark on these overall areas around developing and managing human capital and if you look at the first one total system cost of the HR function for \$100,000 US in revenue. You can see that nearly – the benchmarking is really versus median is almost four times as high versus the benchmarking. If we go down to the second element overall personal cost for the business entity per \$100,000 US revenue here too significant costs in terms of the median versus the benchmark nearly 10 times as much.

If you go to total internal cost of HR administration per employee almost a four times increase from the difference between the benchmark and median. If we go to total cost of the process of managing employee information per employee here too we're looking at almost a four times increase from

benchmark median and then the average response time for routine treat and managing HR planning policy and strategy enquires here too we're looking for a three time difference between the ideal and the median and then lastly total internal personal cost of the process source recruit and select employees per \$100,000 US here too we're looking at almost a 9 times or 10 times increase of that number. Overall then what they suggest to me is that they or suggest here is that there is a real cost in not effectively managing your workforce strategy, applying analytics that's right and collaborating with HR in this context. So the question is, the question is what is the appropriate approach to that and it's really finding a middle ground here. This is really how IBM takes a look at creating an HR value continuum that differentiates and differentiates in terms of driving more revenue while at the same time driving down costs. We think there is – this is the potential tipping point and the point of intersection between HR and finance in terms of working together and on the top here, you know, we can certainly see it's all about driving revenue with the more effective and efficient management of the HR function this could include shared services function such as payroll compensation and benefits and the provision of consistent and reliable HR data from which to make decisions and evaluate overall organizational performance and then driving down costs on the bottom part. It's all about lowering these costs to the leadership and facilitation of workforce and the talent initiative, which are necessary you improve organizational performance.

This really is the middle ground where HR and finance can play a real fundamental collaborative role but the question is what about finance. Why is insight so critical for the office of finance and this was also brought to bear by our CFO study that was released in March of this year and really what this means for HR analytics and workforce. This year CFO study really provides a view of nonfinancial benefits, the rewards of better business insight. in terms of overall effectiveness of measuring the performance in general and this maybe a bit difficult to read but across the board companies with stronger business insight are more effective than other organizations in terms of addressing performance and responding to external forces whether they might be the credit crisis or otherwise. With really 63 percent better effectiveness and driving integration of information across the enterprise with better insight another 46 percent better effectiveness in measuring and monitoring business

performance and then, you know, overall this means better overall improved effectiveness in managing risk management and a really key to good risk based analysis is really to support this risk management, is really the convergence and integration of financial operational reporting combining HR and finance metrics so there's a clear indication and a clear ability to respond more effectively to these external pressures, it should be then really no surprise here that enterprises with strong business insight really have a better capacity to anticipate their external forces and respond more effectively with consistent data and more trends with parent reporting from their operational side of the business and in particular in this care HR.

And certainly in the context of, you know, having clear operational metrics, more transparent and more accurate operational metrics. It means that finance and business managers can begin to see relevant, timely and reliable operational metrics and tie them to more effectively to financial metrics in order to drive better performance but fundamentally finance needs HR to provide these consistent metrics and these consistent ways of assessing performance so that they can apply them to their working environment and by providing timely and reliable operational metrics, finance and business managers can more effectively anticipate performance gaps and understand the financial implications of them and really – and begin to explore why.

Now from here what I tried to do is I've tried to setup a context in terms of the implications of this and try to understand, how do we reconcile the vision of reconciling HR and finance and then how do we apply that in the context of an analytics application so let's take a look a little bit deeper of what our analytic application is. I'm going to start with workforce, workforce has been around the market for a little while but really the underlying value that shapes our talent analytic module and we start with a notion that our applications are built on a business simplicity view of the world. In other words we start with core business drivers. Ask the business questions first and shape the structure of the analytic application around those business drivers so for example if you look at here you have aging workforce, you know, what is the impact on our aging workforce in terms of upcoming retirees across our organization, you know, how do we retain or how are we retaining our top talent versus our workforce, you know, how well are we promoting diversity in our

management range. Do I have complete workforce visibility across the organization in terms of its global strength, demographic strength and diversity? You know, how multi generate, what is the demographic makeup of my workforce all of these business drivers shaped the underlying pillars of these areas in green which are core analytic capabilities and then our analyzed cross functionally in these analytic dimensions so for example if you're going to take a look at our aging workforce we could look at it from our perspective, a global perspective, a demographic perspective, how diverse that aging workforce is? What is the experience as it – are we aging more in engineers or are we aging more in administrative functions? Who is our top talent in that aging workforce, who is the keeping talent or the key talent and where is it is in the context of a management level; this kind of deep and rich context of understanding our workforce and beginning to be able to get actionable insights so we can begin applying HR strategies and justifying those HR strategies through fact based information really gives us a foundation from which to make really strong and reliable decisions around our workforce strategy.

Moreover, what's interesting here as well is that we know that these data sources and the sources of information come from multiple sources. The value or the underlying value of packaged analytics in particular is the capacity to source this data from heterogeneous sources consolidated in the data warehouse and then publish that out in reports.

Now in Q4 we announced an add-on module so this is not a separate application. It requires the purchase of workforce performance first and then you add on the talent analytics piece but the same idea. Here we know the talent function is increasingly important as the economy turns around in organizations begin recruiting again but what is the cost of acquiring top talent. How efficient are we in acquiring top talent, that's really the fundamental business driver in terms of the assessment talent analytics.

Then how do we retain key talent over time. Is there a relationship between separation cost and our training mechanism in terms of learning in groups and do we have appropriate succession plans in place, you know, to ensure the continuity of our operations should people leave over the lifetime of their time

at the organization. Same kind of idea in terms of overall analysis areas in the green these then are looked at cross functionally so we can look at, for example, talent sourcing by organization. What is the source and channel of that sourcing could it be monster.com, could it be the newspapers, could it be executive search firms; what kind of learning did people best respond to, is it online learning, is it one-on-one learning, is it through meetings, what are the key positions that we're sourcing from and then what are the skill categories that we currently have and where are we sourcing these skills from and in which location in our enterprise.

So again a notion around package analytics combining the baseline talent, pardon me, workforce analytics and linking that to a more robust view of our talent analytics. I was to go to an example that's probably very relevant to finance audience, certainly we want to understand our talent view but also we want to understand the compensation makeup of our organization and I mentioned earlier a little bit about the makeup of the analytic application and that's focused on business drivers so when you look at workforce compensation we ask real key questions to how we're performing overall. So if we were to look at our analytic packages in the context the workforce compensation, we've got top talent compensation, diversity compensation, demographic compensation, global compensation. The application and segment system based on really critical question that HR and finance person might want to ask so if you look at top talent compensation are we providing compensation increases in line with performance.

Here, we're able to provide core metric and relate that to how the individual is progressing and then compare and contrast that against established compensation plans that we currently have in place and how that individual is doing. this plays a very important role in terms of how an organization might plan or forecast if compensation plans over time and relate it to the performance of the individual or organization overall. Again that ability to have fact based information, a source of analysis and to be able to publish that information out very quickly.

Now if I was to look at what it looks like and we'll get into this in a bit more detail. If I was to look at what does this report look like and this is just a

typical kind of compare and contrast report. Here's the question is has our compensation changed in the key market locations. Here you have two typical charts that we might have here. Here you have an annual rate variance and then a percentage variance and then you get into your operational report down below which allows you to drill down to the actual operational details in the transaction system, if you so desire but I'll explore that in a moment.

I guess if I was to sum up, you know, in terms of the underlying value of the workforce analytic application solution I think it's reflected in part in our APQC survey which we did, which we have released in 2009 in February and really what are the clear advantages of a workforce analytic solution and you can see here the difference between those that use workforce analytic applications.

And those that don't and in this study we looked at five human capital areas and we saw a statistically significant difference in the level of effectiveness in addressing human capital challenges between organizations that employed a workforce analytic system and those that did not. As this chart really highlights so why is performance (inaudible) included developing trading strategy so I'm really into more effectively developing these strategies using workforce analytics a difference of 18 percent, determining strategies for reductions in workforce (inaudible) and retraining, a 13 percent difference. In other words I need analytics to really pinpoint nicely where I need the cut and where I don't need the cut.

The other element here is understanding collaboration and knowledge area. How are we sharing information within our organization? Can we significantly do that and manage that through a workforce? We need workforce analytics to be able to do that. Retaining value talent within the organization an 11 percent difference between affective and non-affective organizations using analytics and then evaluating over our workforce performance and 11 percent difference in terms of those that were able to use workforce analytics and be successful in terms of assessing their challenges and those that couldn't.

Then lastly again a place to some of the points I made early in terms of data consistency and integration and issues related to using workforce analytics, let's be clear there are certainly challenges with current workforce analytic solution. There's certainly a greater promise around efficiencies and returns, you know, certainly workforce analytics is challenged by both technical and skill related issues associated with its implementation and here we examine these issues across four areas, data consistency, systems integration, information accessibility and analytic capabilities of end users.

As this illustrates, 58 percent of respondents were (pooled) having limited experience in analyzing data and developing insight, 57 percent had limited resources to integrate different human capital systems while 56 percent reported that human capital metrics were not consistent across the organization so what does that mean, what are the implications for a packaged business intelligence approach to workforce and talent analytics it's really in our view means four things one, analytics allow HR to begin to contribute the business strategy with facts based on workforce data and talent data, which also can be leveraged by finance. It enhances workforce's HR department's proactive ability to respond to workforce performance issues.

It provides easy to use and package self served HR reports, which allow an say an HR organization that maybe a little bit tentative around a vigorous analytic process to get that information with a lot of analytic rigor but through self served package reports and then it just simplifies the management of the application over time because we can source information from multiple sources which really puts less pressure on (HRIS) and IT to serve that information up quickly and in a timely way.

So what I'd like to do now is I'd like to just kind of quickly run through my demo just kind of give you a sense of what I'd like to focus on and I'm just going to try to do this kind of quickly if I can so bear with me. There we go, I'm just going to stretch this out. I'm going to give it a minute, probably 10 seconds to cycle this through and then we can explore it so hopefully you can all see this.

Tim O'Brien: Yes (inaudible) up and running there.

Christ Wright: So this is a talent development dashboard that we have and basically dashboards is a personal representation of data that clients can modify or customize or whatever they might do. What we've done is we've just layered on a dashboard that pulls information from our talent analytics application and then begins to represent it in different ways and here we've got our core areas that we want to take a look at so for example if I want to take a look at succession risk this provides insight into the risk the organization has regarding position to require successor to be in place. The chart compares the number of positions that require successors to the numbers that have successors identified, you know, you can certainly toggle this in terms of the percentage so you get a more, you know, you can work in a percentage context then we can go to promotions. This chart provides visibility and promotion grades across a number of key dimensions to understand, if the organizations are promoting employees in line with objectives. Here too you have the option to toggle by region or whatever you wish.

Learning hours and this is an important context. Here it provides visibility in the critical learning metrics such as, you know, training hours per FTE. This is the measure of actual training hours that employees are taking and number of (inaudible) dimensions to provide to get clear visibility and the training taken. The other one here is development programs. Organizations here, you know, may have a number of development programs in place across different areas within the organization. These charts quickly identify where an employee organization has gaps and getting employees and completing programs. Here competency is a fairly rich overview of what are my competencies within the organization. Here we can take a look at region again but also length of service ranges, you know, where is it from, you know, experience perspective, how many years an employee has had with the organization and within what group.

Then lastly performance distribution, you know, who are my top performers, who are my steady performers and who are my low performers. So what I'd like to do now is I'd like to drill down into the next chart if I could, see if I'm going to have any luck with this, maybe not. So let's just see if I can – I'm just having a little bit of trouble here guys, bear with me.

I'm just going to go – I can't seem to click this on for whatever reason... I apologize, for whatever reason my dashboard is not working so I'm going to have to bring up workforce analytics application. What I wanted to show was – so what I'm doing now is I'm just trying to go into the workforce application here and so instead of going right from the dashboard to our workforce analytic application – can you all see this by the way. Tim do you mind chiming in just to make sure...

Tim O'Brien: Yes.

Chris Wright: OK great stuff, my apologies here. So here's our table of contents we have our workforce strength, our workforce compensation, talent retention, talent development, talent acquisition all of this provides package analytics. These are examples of packaged reports that we currently provide. Let's just take for example we want to understand the relationship of talent development and understand the relationship of training hours so we'll pop into talent development. Here we want to take a look at training hours or global learning.

We want to take a look at training hours by job over time so we'll look at time variants and this is just a very simple package report that you can take a look at and then what we'll do from here is show you what we mean by self serve kind of simple (packs) reporting. You can imagine an HR professional, you know, wanting to pull information from People Soft or even a finance person could get a clear indication of how their training by job is going and really want to understand that relationship.

So again, very simple process, no coding required and then we just run the report and you can see in a different area or different props we can drill down by specific job, we can get into the details around location, we can also explore it departmentally and what we want to see here is we want to see, has there been a change in training hours taken year over year and like a workforce compensation piece I want to take a look at the top 10 training hours per employee by different departments within the organization and then here's my variance. Again, down below is my operational report, 2008 versus

2007 current year. So here we see that, you know, human resources has increased the number of training hours that they've taken from 2007, finance meanwhile has declined. We may want to explore why that's the case. We may even want to explore the relationship between training and separation but this give us a baseline in terms of assessing where we need to focus on next year and then justifying that cost based on the variants of training hours taken.

I'm just going to quickly turn to another report, which takes a look at repellent retention and what we want to do here is we want to take a look at the relationship between separation accounts and actually training hours taken so we'll go down to our package report around learning turnover and we want to know by separations by training hours the length of service and here's our package report very straightforward approach and from a finance perspective, from an HR perspective (we want to know what) necessarily is our separations costing us money and where is it potentially impacting us.

So again, very simple kind of prom process and this can be distributed out to different folks and here we can begin this relationship between the number of training hours and separation count and so here we can see that, you know, those that have taken less hours typically do have a higher separation count than those that don't and this begins to, you know, play into a retention strategy that both HR and finance can be exploring but, you know, the reality is you can't do this unless you have that kind of data and can't have the justification.

What I'm going to do now is I'm going to go back to my presentation and I think I'm going to go quickly to the concluding side so we can take some questions so that we can do that so I'm just going to – there we go. So I'm just going to move on. There was a – you have the slides after the presentation but I just want to tell you and conclude with this slide because I think it's relevant. There is a technology piece to this presentation but will focus on this. You know, at the beginning of the question – the presentation I said could we reconcile HR and finance and, you know, really they are shared interest in a really robust human capital strategy one that measures workforce and talent management and really what are those shared interests and these shared interests really drive smarter businesses in the lined outcomes and greater

competitiveness in terms of how an organization responds to external pressures and both HR and finance do share real fundamental interest around productivity and competitive differentiation built around an aggressive and responsive talent management strategy. Certainly ensuring that there was career succession and planning to ensure continuity of operations throughout the organization; both organizations have an interest in lowering human capital cost and improving benefit controls and governance and both groups have more consistent assessment of high and low performers to ensure more adequate and sufficient paper performance. Our bonus throughout the organization, this is certainly not exhaustive but it does give you a sense if there are shared interests. The problem is that shared interest needs a common analytic foundation from which to begin to evaluate these shared interests and begin having a dialogue and collaborating on a human capital strategy between HR and finance and on that note just (inaudible) from the time and perspective I'd like to stop and take questions.

Tim O'Brien: That's great thanks Chris. OK we've got a few questions here, we've about four minutes left. The first question is what data sources do you pull information from.

Chris Wright: That's a great question. As I mentioned earlier the data sources are, you know, the data sources are typically heterogeneous data sources so it's not uncommon for us to pull from such factors or to lay or other sources of information even, you know, nontraditional data – those are kind of nontraditional data sources. The other, you know, ones we have standard connectors to your typical (inaudible) data sources are, Oracle, S&P as examples but we, you know, we also can pull information from other sources and the value of the application is its ability to really synchronize data from these data sources so you get that really accurate and up to date reporting and analysis.

Tim O'Brien: And another question, how is this application prized?

Chris Wright: Well it really depends on the size of the organization. We'll have a – and its stall based pricing model and it depends on the number of users in that model. We typically start at 25 and then can go up a 1000, but it's ultimately based on

the install base and the number of users, pardon me, and the size of the organization and those that want to share this information.

Tim O'Brien: I think you mentioned this earlier but it workforce talent analytics comes with some packaged reports, (prebill) reporting, it allows you to customize those reports. You can always add on, how does that work Chris?

Chris Wright: That's a great question and, you know, I was going to touch upon that a little bit in the technical session, you know, the underlying infrastructure of the application is what we like to call highly adaptable and what I mean by that is that organizations can figure the underlying measures and dimensions of the application using a fairly straightforward drop and drag interface and what that means is that it really eliminates a lot of the kind of customization required with other applications.

Two, it eliminates a lot of the manual processes that you have to do because a lot of changes within the applications that you make through configuration are automatically synchronized right from the source all the way to the report, which really allows you respond to business requirements more effectively. And I think lastly because you can have this insight that's specific to your business you really eliminate the need for a lot of reports so our approach is star compared to other vendors. Instead of giving you a 1000 reports what we do is we give you a core set of reports roughly around 65 but when we do which is different and start is that we create a very flexible application management model so that you can configure these reports and create multiple permutations of what you have and this allows you to more effectively sustain the value of the application over its lifecycle and ensure that the content is continuously relevant.

Tim O'Brien: Another question, can I modify the underlying reporting structure. I think you kind of got into this of the application but another question that came in was around security and, you know, obviously this is a big concern with the sensitivity of this information.

Christ Wright: It's a great question. There are two elements, one it's important to reflect upon that the analytic applications are built on Cognos 8 so there's all the technical

security requirements that are part of the Cognos 8 value proposition that we have as well. the other element related to security is that all these reports are commission based so you can determine which individuals get the right report and which do not so, you know, just because you get a lot of report you can't say who views what and which information they can view and not so there's that security parameters associated with it.

Tim O'Brien: OK. Well I think that's about all the time we have. I want to thank Chris Wright our presenter today at Director Product Marketing for IBM, thank you very much Chris and thank you to all of you for taking time out of your day to join this installment of the financial performance insider featuring IBM Cognos 8 workforce performance talent analytics. Thanks everyone, enjoy the rest of your day.

Operator: this concludes today's presentation you may now disconnect, presenters hold the line.

END